



STATE REVOLVING FUND ANNUAL REPORT

For State Fiscal Year 2014 (July 1, 2013 through June 30, 2014)

Submitted to the U.S. Environmental Protection Agency

by the

Nevada Division of Environmental Protection, Office of Financial Assistance

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INTRODUCTION

The Nevada Division of Environmental Protection (NDEP), Office of Financial Assistance (OFA) is pleased to submit to the Environmental Protection Agency (EPA) its 2014 Annual Report for Nevada's Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) for the State Fiscal Year (SFY) 2014 (July 1, 2013 through June 30, 2014).

This 2014 Annual Report to EPA has been prepared in accordance with the Clean Water Act, Safe Drinking Water Act, the Capitalization Grant requirements, the Operating Agreement between NDEP and EPA, and the Region 9 State Revolving Fund (SRF) annual Report Checklist. This report includes discussions of the status of Nevada's compliance with various statutory program requirements, program changes and progress made, information about loan recipients and other pertinent financial information.

This report includes both the CWSRF and the DWSRF programs and follows EPA Region 9's checklist used during the Annual Program Evaluations Review. It is organized into four main program titles including Certifications, Programmatic, Financial and DWSRF Specific. Under these titles sections are used to address specific areas of interest including legal, managerial, technical, financial, and operational. In each section the CWSRF program is addressed first, with the DWSRF to follow.

The following are incorporated into or references in this Annual Report and are available on the following web pages or have been previously provided:

- 2014 Clean Water Intended Use Plan (IUP)
<http://ndep.nv.gov/bffwp/srlf01.htm>
- 2014 Drinking Water IUP
<http://ndep.nv.gov/bffwp/dwsrf1.htm>
- National Information Management System (NIMS)
- EPA Region 9 Program Evaluation Report (PER for the base program)

CERTIFICATIONS

SECTION 1: OPERATING AGREEMENT

Nevada has complied with the conditions of the DWSRF Operating Agreement. An amendment to the original Operating Agreement was submitted to USEPA on July 7, 1999 and approved (with an amendment) on September 30, 1999. After the program transferred from the Health Division to the Division of Environmental Protection, Nevada revised the Operating Agreement and submitted the draft to USEPA. Subsequently, with the formation of the Office of Financial Assistance, NDEP has combined the DWSRF and CWSRF into one SRF Operating Agreement which was submitted to EPA for approval in March of 2013.

NDEP has met and continues to be in compliance with the following Assurances as described in the Operating Agreement:

- Administration
- Payments
- State Match
- Binding Commitments
- Efficient, Expeditious and Timely Expenditure
- State Laws
- Accounting and Audit Procedures
- Annual Report
- Environmental Review
- EPA Program Review
- Disadvantaged Business Enterprise (DBE) Compliance
- Records Maintenance
- Congressional and Public Inquiries
- Nevada Public Records Law
- Davis Bacon Act
- Process for Evaluating Capacity and Compliance
- Provide State Match for State Program Management Set-Aside
- Withholding of Funds
- Diligence Review

SECTION 2: STAFFING ADEQUATE FOR PROGRAM

NDEP has adequate personnel and other resources, consistent with its grant application and SRF Operating Agreement to effectively operate and manage the program (see Attachment 1, NDEP Organization Chart).

SECTION 3: ANNUAL FINANCIAL AND COMPLIANCE AUDIT

The Program's account balances and activities are audited annually, as they are included in Nevada's Comprehensive Annual Financial Report (CAFR) as part of the Water Projects Loan Fund, a major enterprise fund. In addition, a single audit was performed for FY11, 12, & 13. While materiality it is a major concern to the EPA program staff, they agreed that having the CWSRF audited separately is not an efficient or effective use of State funds. Rather, the EPA is considering a number of "agreed-upon procedures" be performed on the annual financial statements. In the meantime, EPA is allowing NDEP to provide a reconciliation of the most recently audited CAFR and the related unaudited financial statements.

SECTION 4: SINGLE AUDIT

The State of Nevada is audited every year as a single entity for purposes of the single audit. The CWSRF and the DWSRF are included in that audit and are broken out into separate components.

SECTION 5: STATE MATCH

February 2, 2013 \$3,024,411 of leverage bonds were converted to match bonds and are being used for the partial match of the 2012 grant, full match to the 2013 and 2014 grants for the CWSRF Program.

The most recent bond sale for the DWSRF Program was in April 2014, when the State Treasurer issued general obligation bonds on behalf of the Program (referenced as NEVDRK 2014D), which yielded net proceeds for matching in the amount of \$3,008,822. The funds deposited to the Program's account provide the required state match for grants and was deposited before the award funds were drawn.

TABLE 1: State Match
Through SFY 2014

| | CW | DW |
|--------------------------------------|--------------|--------------|
| Federal Awards | 179,862,400 | 167,972,500 |
| Less ARRA Award | (19,239,100) | (19,500,000) |
| FY14 Grant | 6,853,000 | 12,614,000 |
| Total Grant Awards Requiring Match | 167,476,300 | 161,086,500 |
| Match Required | 33,495,260 | 32,217,300 |
| Match To Date | 33,755,531 | 33,196,598 |
| Current Difference Surplus/(Deficit) | 260,271 | 979,298 |

SECTION 6: CBR/PBR FOR ALL PROJECTS

Financial and program information for all projects is entered into CW Benefits Reporting (CBR) and the DW Project and Benefits Reporting (PBR) at the time of commitment.

SECTION 7: FFATA REPORTED FOR THE AMOUNT OF THE CAPITALIZATION GRANT

FFATA information is entered upon approval of the projects.

SECTION 8: STATEMENT OF COMPLIANCE WITH STATE ENVIRONMENTAL REVIEW PROCESS

The environmental review process is codified in NAC 445A.6758 to 445A.67612, inclusive. It has been reviewed by USEPA, generally follows the provisions of the National Environmental Policy Act and applies to all projects. The final loan contract is executed only after NDEP has conducted an environmental review, and a determination is made.

SECTION 9: COMPLIANCE WITH FEDERAL CROSS-CUTTERS

The loan contract requires that loan recipients comply with applicable federal crosscutting authorities. The state is required to comply with applicable federal crosscutting authorities by the assistance and operating agreements it signs with USEPA and by applicable federal regulations.

SECTION 10: DISADVANTAGED BUSINESS ENTERPRISE (DBW) CERTIFICATIONS

A fair share objective is a goal based on the capacity and availability of qualified, certified MBEs and WBEs in the relevant geographic market for the grant recipient in the procurement categories of

construction, equipment, services, and supplies compared to the number of all qualified entities in the same market for the same procurement categories.

- A fair share objective is not a quota.
- A recipient cannot be penalized for not meeting its fair share objectives.
- Once negotiated, fair share objectives remain in place for three years.

Applicable “fair share” negotiated goals are:

| | <u>MBE</u> | <u>WBE</u> |
|--------------|------------|------------|
| Construction | 3% | 1% |
| Services | 2% | 1% |
| Supplies | 1% | 1% |
| Equipment | 1% | 1% |

The EPA DBE guidance information and “fair share” goals are included in all subrecipient construction bid documents.

The MBE/WBE report forms 5700-52a for Clean Water and Drinking Water were prepared for the annual period ending Federal FY2014 (Oct-Sept) and were emailed October 17, 2014.

SECTION 11: DAVIS-BACON CERTIFICATIONS

NDEP has included a condition requiring compliance with Davis Bacon Wage Rates in all loan agreements executed on or after October 30, 2009.

SECTION 12: STATEMENT OF TIMELY AND EXPEDITIOUS USE OF FUNDS

Nevada ordinarily applies for and receives its capitalization grants within one year of the appropriation date. NDEP makes every effort to receive all payments within an acceptable time period. NDEP draws federal grant monies after receipt of an approved reimbursement request from borrowers and requires borrowers to submit Estimated Loan Draw Schedules with their applications. Nevada monitors the loans and contacts systems when disbursement requests do not appear to be timely. During the SFY 2014 the Clean Water Program exceeded the national goal for Assistance as a Percentage of Funds Available and the Drinking Water Program came in slightly under the national goal. The Drinking Water Program did not meet the goal due primarily to timing issues. NDEP will meet or exceed the goal for SFY 2015.

TABLE 2: Fund Utilization Rate Through FY - 14

| | Measure Text | National Target | Nevada |
|-----------|---|------------------------|---------------|
| CW | Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects] for the CWSRF | 95% | 98% |
| CW | Number of CWSRF projects that have initiated operations (cumulative) | | 70 |
| DW | Fund utilization rate [cumulative dollar amount of loan agreements divided by cumulative funds available for projects} for the DWSRF (cumulative) | 89% | 82% |
| | | | |

See Section 23 for details on the loans commitments in SFY 2014.

SECTION 13: COMPLIANCE WITH GRANT CONDITIONS

By signing the CW and DW Capitalization Grants, NDEP agreed to abide by all conditions of the grant, the Statutory Authorities in the Clean Water Act Title VI and Safe Drinking Water Act Section 1452, as well as, implementing regulations in 40 CFR Parts 31 and 35.

SECTION 14: BYPASS STATEMENT

NDEP bypassed a number of projects on the 2014 Project Priority List for both the CW and the DW programs. The projects that were bypassed were provided notice and an opportunity to object as required by NAC 445A.7675 and NAC 445A.67573 respectively. Since NDEP determined which projects were ready to proceed before considering bypassing, projects being bypassed did not object.

SECTION 15: STATEMENT OF FUNDS TRANSFERRED

NDEP has never transferred funds from one program to another.

SECTION 16: BINDING COMMITMENTS WITHIN ONE YEAR OF PAYMENT (120%)

NDEP received the FFY2013 CW grant in September 2013 totaling \$6,520,000. Contracts in 2014 totaled \$25,377,350. This represents 301% of the grant obligated by the end of 2014.

NDEP received the FFY2013 DW grant in June 2013 totaling \$8,421,000. Contracts in 2014 totaled \$8,299,883. This represents 98.56% of the grant by the June 2014. NDEP's second board meeting was scheduled to be held in June 2014, but because of delays on one of the projects, was not held until September 2014. The Board approved \$8,056,434 in Drinking Water Loans which allowed NDEP to meet 120% requirement for DW in September 2014.

PROGRAMMATIC

SECTION 17: ANNUAL REPORT PUBLISHED 30 DAYS AFTER SRF REPORTING PERIOD

See Attachment 2

SECTION 18: DISCUSSION OF ANY PROGRAMMATIC CHANGES FROM INTENDED USE PLAN AND ACCOMPLISHMENTS OF GOALS

A. Explanation of difference between targeted projects on 2014 IUP and actual projects funded.

The Project Priority Lists (PPL) submitted with the 2014 IUPs represented the intended list of projects which might pursue NDEP financing in SFY 2014. From these lists, some projects were ready to proceed with NDEP financing. Other projects were not ready to proceed in SFY 2014 and, therefore, were carried over to the SFY 2015 PPLs. Additional projects were removed from the PPLs if the applicants decided not to move forward or decided not to pursue NDEP financing. NDEP's PPLs are dynamic lists which are ordinarily updated annually or less by special request. See Table 3

TABLE 3: Fundable List Reconciliation

| SFY2014 Clean Water PPL and Project Status | | |
|---|---|---------------------------------|
| Community Name/Project Sponsor | Project Description | Project Funded |
| Gerlach | Sewer line replacement | yes |
| Nye County/Gabbs | 1.5 miles of 8-inch sewer main replacement | yes |
| Carson City Public Works | Wastewater treatment plant rehabilitation/upgrades, effluent | yes |
| Lyon County/Dayton Valley | Septic conversion/consolidation | no- project loan closed in FY15 |
| | | |
| SFY2014 Drinking Water PPL and Project Status | | |
| Community Name/Project Sponsor | Project Description | Project Funded |
| Gerlach GID | Distribution line Looping, replacement of service saddles | yes |
| Carson City (3) | Arsenic and Uranium compliance | yes |
| Verdi Water (2) | Arsenic compliance through consolidation | yes |
| McDermitt (2) | Arsenic compliance | yes |
| Silver Knolls Mutual Water Co. | Arsenic compliance | yes |
| Roark | Arsenic compliance | no- not ready to proceed |
| Wilds Manor MHP | Arsenic compliance | no- not ready to proceed |
| Holbrooke Station MHP | Arsenic compliance | no- not ready to proceed |
| City of Caliente | Well upgrades, transmission line and distribution line repair/replacement | no- not ready to proceed |

B. Short Term Goals

i. The following are the short term goals of NDEP’s CW loan program:

a. Issue loans totaling \$25,877,350.

The total project funding awarded during SFY 2014 was \$25,377,350, falling slightly short of the goal of issuing loans in the amount of \$25,877,350. However, the Lyon County/Dayton Valley Septic Conversation Project totaling \$2.5 million was expected to close during SFY14 but was running a little behind schedule and closed 10/29/14.

b. Effectively manage day to day operations of the CWSRF by continuing to meet goals and restructure program duties as needed.

The NDEP continues to meet objectives and properly manage and coordinate activities within the program. During the year, NDEP upgraded several procedures to the SRF programs.

A review and update of the existing priority list system, making it more refined and easier to understand was completed and went into effect in SFY 2014.

NDEP entered into a contract necessary to upgrade the LGTS system. The system was updated, making project information more accurate, timely, and accessible. The upgrade allowed the Accountant to more easily access data necessary to compile Financial Statements.

c. Fund green infrastructure, water and energy efficiency, and environmentally innovative projects in an amount of approximately \$685,300 of the capitalization grant.

The Carson City Public Works project (\$24,750,000) met the 2014 grant requirement of

the CWSRF program.

- d. Fund subsidy projects in an amount of between \$372,924 and \$559,386 is projected.

NDEP met its goal of funding at least \$372,924 in subsidy project. See Table 4 for details.

TABLE 4: Clean Water Additional Subsidization Provided

| Project Description | Borrower | Forgivable Principal Amount |
|---|--------------------|-----------------------------|
| Sewer line replacement | Gerlach | 127,350.00 |
| 15 miles of 8-inch sewer main replacement | Nye County (Gabbs) | 500,000.00 |
| Total: | | 627,350.00 |

- e. Make upgrades to NDEP's LGTS database program.

NDEP met this goal by entering into a contract necessary to upgrade the LGTS system. The system was updated, making project information more accurate and accessible. In addition, the upgrade will be helpful in compiling information needed for Financial Statements.

- ii. **The following are the short term goals of NDEP's DW loan program.**

- a. Make drinking water in Nevada more affordable by providing Federal, State, and repayment funds as loans to water systems in Nevada at or below market interest rates.

Table 5 lists binding commitments approved by the Board for Financing Water Projects in SFY 2014.

Table 5: Loan Commitments

| Water System | Loan Amount | Interest Rate | Project Description | Subsidy Amount |
|---|-------------|-----------------------|--|----------------|
| Goldfield/Esmeralda Co. (2) | 155,000 | Principal Forgiveness | Tank Refurbishment & PER | 155,000 |
| Las Vegas Valley Water District | 228,792 | TBD | Replacement of reservoir hatches and screens | |
| Montello (Elko Co.) | 380,151 | Principal Forgiveness | New Water Storage Tank | 380,151 |
| Gerlach GID | 434,640 | Principal Forgiveness | Water system improvements | 434,640 |
| Carson City (3) | 6,000,000 | 2.53% | Water system improvements | |
| Verdi Water (2) | 264,800 | Principal Forgiveness | Arsenic mitigation and consolidation | 264,800 |
| McDermitt (2) | 500,000 | Principal Forgiveness | Arsenic mitigation/new well | 500,000 |
| Silver Knolls Mutual Water Company | 336,500 | Principal Forgiveness | Arsenic mitigation/treatment | 336,500 |
| Sage Valley (Additional ARRA Funding) | 4,865 | Principal Forgiveness | Manganese treatment | 4,865 |
| McDermitt (1) (Additional ARRA Funding) | 32,402 | Principal Forgiveness | Generator Purchase | 32,402 |

- b. Use 20 – 30% of the federal 2014 funds for additional subsidies.

The subsidy projects are identified in Table 5 under Short-term Goal 1. The FFY14 grant was not awarded until 9/25/14, and as such, was not fully committed to projects by the end of SFY 14. NDEP anticipates that, through outreach, the additional subsidy requirement for the 2014 grant will be met in its entirety in FFY15.

- c. Issue loans totaling at least \$16,158,300.

Nevada issued \$8,337,151 in loans during FFY14. Four of the projects on the 2014 fundable list were not ready to move forward, and although Nevada issued a few other loans, it did not meet the goal. See Table 3 and 5 for details.

C. Long Term Goals

i. The following are the long term goals of NDEP's CW loan program.

- a. Maintain compliance by all publicly owned treatment works with water quality goals and protect the public health by assisting in the completion of cost effective projects.

The CWSRF funds the construction of wastewater treatment plants, treatment plant upgrades, sewer collection lines, new or expanded water reclamation and reuse facilities and non-point source projects. The purpose of all of these types of projects is to protect the health of the people of Nevada from the threat created by improper disposal of municipal wastewater and water pollution from non-point sources and to eliminate surface and ground water pollution to sustain compliance with water quality standards and maintain beneficial uses.

Nevada's CWSRF Priority List ranking criteria supports these long-term goals (http://ndep.nv.gov/bffwp/docs/cwsrf_ranking_criteria_2014.pdf). As the driest state in the country, Nevada also encourages the reclamation and reuse of wastewater.

- b. Provide low-cost financing for important water quality projects while maintaining the perpetuity of the CWSRF through fiscal and technical integrity of the State Revolving Fund program. NDEP's CWSRF is committed to bringing projects to the program that address the state's most important water quality priorities.

The CWSRF accounting functions are performed by the accountant, the administrative services officer who serves as program manager, and by the management analyst. All three positions serve both the CWSRF and DWSRF programs. The Nevada State Treasurer's staff is well qualified to administer and manage the SRF funds and accounts, specifically cash transactions, bond sales, and loan repayments. NDEP contracts with a financial advisor who assists in the bond sale process, prepares loan repayment schedules, analyzes the funds capability to provide loans, and provides other financial services as requested.

CWSRF technical functions are performed by the professional engineer in conjunction with the regulatory requirements which are overseen by the Bureau of Water Pollution Control (BWPC).

All loans are backed by the full faith and credit of the loan recipient. To date, all loan repayments over the history of the program have been made on schedule. The interest rate established provides a nominal "cushion" of funds in case a loan were to default. Loans to publicly owned entities require that the loan applicant submit a bond for the loan to the State Treasurer through a rigorous debt analysis and bonding process required by the Local Government Securities Law (NRS 350.500 to 350.720, inclusive).

- c. Work with other funding sources within the state to coordinate water quality financing.

NDEP continually strives to obligate all funds available through communication with facilities using a website with access to information regarding the CWSRF program

(<http://ndep.nv.gov/bffwp/srlf01.htm>), staff assistance, the priority list, and communication with various agencies on the needs of facilities.

Collaboration between the major funding agencies in the state as well as other state agencies and technical service providers is accomplished through quarterly meetings of the Infrastructure for Nevada Communities (INC) group. INC's mission statement is "To provide a forum for coordination on utilities serving Nevada communities to promote efficient application of technical and financial assistance and to ensure they have the best access to resources." The INC subcommittee known as the Nevada Water and Wastewater Review Committee (NWWRC) (<http://ndep.nv.gov/bffwp/nwwpa.htm>) is composed of representatives from the different funding groups in the state, including: Clean & Drinking Water State Revolving Fund (CWSRF & DWSRF) Loan programs, United States Department of Agriculture – Rural Development (USDA-RD) Loan/Grant program and the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG). This collaborative effort maximizes the limited funding dollars to support the greatest number of projects and provide cost savings for communities. NWWRC has a "pre-application" common to all of the funders that makes coordination and communication between the agencies and applicants simple and allows the NWWRC to suggest funding solutions that are most appropriate while leveraging all of the funding available in the state.

Assistance provided was at 217% of SRF funds available with a project disbursement rate of 5%. NDEP's fund utilization rate targeted continues to be 95%; the actual for SFY 2014 was 217%.

- ii. **The following are the long term goals of NDEP's DW loan program.**
- a. Ensure that DWSRF funds are available in perpetuity to all Nevada public water systems to provide to their customers water that is safe and pleasant to drink all of the time.

All loans are backed by the full faith and credit of the loan recipient. To date, one recipient is in default. The agency continues to work with the Attorney General's office in attempt to get this resolved. The interest rate established provides a nominal "cushion" of funds in case a loan were to default. Loans to publicly owned entities require that the loan applicant submit a bond for the loan to the State Treasurer through a rigorous debt analysis and bonding process required by the Local Government Securities Law (NRS 350.500 to 350.720, inclusive). The private systems, at a minimum, provide a dedicated interest-bearing reserve account equal to the annual loan repayment and provide additional security as necessary.

- b. Address the most serious risk to human health and comply with the requirements of the Safe Drinking Water Act.

The project priority list includes projects ranked in four primary categories according to the public health need that the project is intended to address in accordance with regulations adopted by the State Environmental Commission. The category that has first access to loan funds includes projects that are designed to address acute public health risks. The second category that has access to loan funds includes projects that address chronic health concerns. The third category is for infrastructure replacement

or rehabilitation projects, and the fourth is for refinancing existing debt. The ranking of projects is described in NAC 445A.67569; it is also described in Section V of the IUP. The final priority list resulting from this process is reviewed at a public workshop and then submitted to the Board for Financing Water Projects for review and approval. Revisions to the list follow this same process.

Set-aside funding has provided a number of opportunities to facilitate public water system compliance with the Safe Drinking Water Act and drinking water regulations. A third party contractor has been utilized to provide small public water systems with technical assistance to improve their technical, managerial, and financial capabilities and improve operator knowledge through various training.

c. Assist systems most in need, on a per household basis, according to State-determined affordability criteria

Communities with lower than average median household incomes are given an advantage to access below-market interest rate loans, including principal forgiveness. The ranking on the priority list takes into account the median household income (MHI) in the area served by a water system. Projects in communities with a lower MHI are ranked higher than an equivalent project in a community with a higher MHI. According to Nevada's 2013 IUP, systems where the MHI is at or below 80% of the state MHI may qualify for principal forgiveness funding. The terms and amount of subsidy are determined on a case by case basis based on the individual community's situation.

d. Coordinate funding with other funding agencies through the Infrastructure for Nevada's Communities.

Collaboration between the major funding agencies in the state as well as other state agencies and technical service providers is accomplished through quarterly meetings of the Infrastructure for Nevada Communities (INC) group. INC's mission statement is "To provide a forum for coordination on utilities serving Nevada communities to promote efficient application of technical and financial assistance and to ensure they have the best access to resources." The INC subcommittee known as the Nevada Water and Wastewater Review Committee (NWWRC) is comprised of representatives from the different funding groups in the state, including: Drinking and Clean Water State Revolving Fund (DWSRF and CWSRF) Loan programs, United States Department of Agriculture – Rural Development (USDA-RD) Loan/Grant program, and the Department of Housing and Urban Development's (HUD) Community Development Block Grant (CDBG). Other potential funding sources include: the Army Corps of Engineers, the Bureau of Reclamation, and short-term funding from groups such as the Rural Water Association. This collaborative effort maximizes the limited funding dollars to support the greatest number of projects and provide cost savings for communities. NWWRC has a "pre-application" common to all of the funders that makes coordination and communication between the agencies and applicants simple and allows the NWWRC to suggest funding solutions that are most appropriate while leveraging all of the funding available in the state. The NWWRC representatives also share a common goal of seeing water systems achieve full cost pricing through the setting of appropriate water rates and also the setting aside of funds for capital replacement, capital improvements, and

emergency repairs. Information and pre-application forms are available on our website at <http://ndep.nv.gov/bffwp/nwwpa.htm>.

One of the projects that received a DWSRF loan in SFY 2013 was jointly funded by the DWSRF and USDA-RD.

Please see Attachment 4 for set-aside goals and accomplishments.

SECTION 19: ADDITIONAL SUBSIDIZATION PROVIDED

NDEP has achieved 100% of the required additional subsidy in SFY 2014. Additional subsidization in the form of forgivable principal was provided to the projects listed below. All but the Silver Knolls Mutual Water Company project receiving additional subsidization met the State's definition of disadvantaged community. Given the fact that the Silver Knolls project was for arsenic compliance, the size of the system, and concern for the system to be able to afford a loan, it was determined that a principal forgiveness loan would be most appropriate.

Clean Water Additional Subsidization Provided

| Project Description | Borrower | Forgivable Principal Amount |
|---|--------------------|------------------------------------|
| Sewer line replacement | Gerlach | 127,350.00 |
| 15 miles of 8-inch sewer main replacement | Nye County (Gabbs) | 500,000.00 |
| Total: | | 627,350.00 |

Drinking Water Additional Subsidization Provided

| Project Description | Borrower | Forgivable Principal Amount |
|----------------------------------|------------------------------------|------------------------------------|
| Tank Refurbishment & PER | Goldfield/Esmerelda County (2) | 155,000.00 |
| New Water Storage Tank | Montello (Elko County) | 380,151.00 |
| Water system Improvements | Gerlach GID | 434,640.00 |
| Arsenic mitigation/new well | McDermitt (2) | 500,000.00 |
| Arsenic mitigation/treatment | Silver Knolls Mutual Water Company | 336,500.00 |
| Generator Purchase | McDermitt (1) (additional funding) | 32,402.00 |
| Manganese treatment | Sage Valley MHP | 4,865.00 |
| Arsenic mitigation/consolidation | Verdi Water | 264,800.00 |
| Total: | | 2,108,358.00 |

SECTION 20: DISCUSSION OF RESOLUTION OF PRIOR YEAR'S FINDINGS

Program Evaluation Report (PER)

NDEP has achieved the required additional subsidy for SFY 2014.

A.) EPA Region 9 conducted its annual review of the Nevada CW and DW SRF base and ARRA activities the week of April 29 2014. General programmatic and financial observations

- i. The State has until September 30, 2016 to draw all FY2013 and prior funds (Legacy ULOs). The State must also commit more DWSRF projects to funding.

Since July 2014 NDEP has secured additional DW loan commitments. In addition, NDEP expects to have obligated 122.15% of available funds. See Attachment 7 for further details. At this time NDEP is drawing on the 2012 and 2013 Grants and should have all funds drawn by December 2015. In addition, NDEP continues to work towards drawing all FY2013 and prior funds by monitoring set-aside funding more closely, encouraging more timely draws, and by program out-reach activities. NDEP will bank more set-aside funds, contact systems to ensure more timely draw requests, and a brochure has been put together that will be sent out to all systems letting them know more about the SRF programs and funds available. See table below for balances as of 11/17/14. All FY2013 and prior funds will be disbursed by September 30, 2016.

| Clean Water Grant Balances | | | |
|----------------------------|--------------|--------------|---------------|
| | 2013 | 2014 | Total |
| Loans | 4,655,862.61 | 6,684,830.00 | 11,340,692.61 |
| Administration | 201,435.65 | 168,170.00 | 369,605.65 |
| Total ULO's | 4,857,298.26 | 6,853,000.00 | 11,710,298.26 |

| Drinking Water Grant Balances | | | | | |
|-------------------------------|---------|-----------|-----------|------------|------------|
| | 2011 | 2012 | 2013 | 2014 | Total |
| Loans | 0 | 2,980,164 | 8,084,160 | 12,204,000 | 23,268,324 |
| 2% Technical Assistance | 0 | 35,532 | | 100,000 | 135,532 |
| 4% Administration | 0 | 0 | 256,883 | 100,000 | 356,883 |
| 10% State Program Management | 115,066 | 912,500 | 0 | 0 | 1,027,566 |
| 15% Local Assistance | | 823,693 | | 210,000 | 1,033,693 |
| Total ULO's | 115,066 | 4,751,889 | 8,341,043 | 12,614,000 | 25,821,998 |

- ii. The State needs to position itself to draw down all future grants within two years from the date of grant award.

See response under subsection 20 A.i.

B. Single Audit

A single audit was conducted during SFY 2014 on the Drinking Water Program for SFY 2013. No findings were indicated.

C. Annual Independent Audit

The Program's account balances and activities are audited annually, as they are included in Nevada's Comprehensive Annual Financial Report (CAFR) as part of the Water Projects Loan Fund, a major enterprise fund. In addition, a single audit has been performed for FY11, 12, & 13. While materiality it is a major concern to the EPA program staff, they agreed that having the Programs audited separately is not an efficient or effective use of State funds. Rather, the EPA is considering a number of "agreed-upon procedures" be performed on the annual financial statements. In the meantime, EPA is allowing NDEP to provide a reconciliation of the most recently audited CAFR and the related unaudited financial statements.

D. Site Inspections

NDEP performs construction site inspections as required in the loan agreement and in accordance with NAC 445A.67639. In most cases, projects receive at least one site inspection. For long-term projects (construction is expected to take more than a 12 month period to complete), at least one site visit ordinarily occurs within each 12 month period. In addition, the borrower is expected to provide periodic construction updates. These may be daily, weekly, or monthly and are normally accompanied by project photos. Most updates are now received electronically.

A final site visit is initiated by receipt of a notice of substantial completion. This site visit normally occurs prior to the final loan disbursement.

SECTION 21: GREEN PROJECT RESERVE PROJECTS AND AMOUNT RECEIVED

| Clean Water Grant Balances | | | |
|--|-----------------|---------------------|-------------------|
| Project Name | Borrower | GPR Category | GPR Amount |
| Plant upgrades, pump stations, and City storm water improvements | Carson City | Energy Efficiency | 6,853,000.00 |
| | | | 6,853,000.00 |

SECTION 22: IDENTIFY ALL PROJECTS AND AMOUNT

NDEP requires all loans to comply with all Federal Capitalization Grant requirements whether funds distributed to the project are federal, bond proceeds or reloan funds.

FINANCIAL

SECTION 23: BINDING COMMITMENT DATES AND AMOUNTS

| Clean Water Binding Commitments and Executed Loans SFY 2014 | | | | |
|--|---------------------------------|----------------------------------|----------------------------|--------------------------------------|
| Borrower | Binding Commitments Date | Binding Commitment Amount | SFY Loan Executed | Loan Amount Executed in SFY14 |
| Gerlach GID | 4/25/2014 | 127,350.00 | 2014 | 127,350.00 |
| Carson City (5) | 4/4/2014 | 24,750,000.00 | 2014 | 24,750,000.00 |
| Nye County/Gabbs | 5/5/2014 | 500,000.00 | 2014 | 500,000.00 |
| Total: | | 25,377,350.00 | 3 Projects in SFY14 | 25,377,350.00 |

| Drinking Water Binding Commitments and Executed Loans SFY 2014 | | | | |
|---|---------------------------------|----------------------------------|----------------------------|--------------------------------------|
| Borrower | Binding Commitments Date | Binding Commitment Amount | SFY Loan Executed | Loan Amount Executed in SFY14 |
| Gerlach GID | 2/19/2014 | 434,640.00 | 4/25/2014 | 434,640.00 |
| Carson City (3) | 2/19/2014 | 6,000,000.00 | 4/4/2014 | 6,000,000.00 |
| Verdi Water (2) | 2/19/2014 | 264,800.00 | 3/24/2014 | 264,800.00 |
| McDermitt (2) | 2/19/2014 | 500,000.00 | 5/22/2014 | 500,000.00 |
| Silver Knolls Mutual Water Co. | 2/20/2014 | 336,500.00 | 7/14/2014 | 336,500.00 |
| Total: | | 7,535,940.00 | 5 Projects in SFY14 | 7,535,940.00 |

SECTION 24: BINDING COMMITMENTS GREATER THAN OR EQUAL TO 120% OF GRANT PAYMENT AMOUNT

See Section 16

SECTION 25: FEDERAL DRAWS

| Grant Expenditures SFY14 | | |
|---------------------------------|-------------|-------------------|
| Clean Water | | |
| CW 10 | CS-35000110 | 183,164.87 |
| CW 11 | CS-35000111 | 251,026.00 |
| CW 12 | CS-35000112 | 241,628.42 |
| CW 13 | CS-35000113 | 137,410.37 |
| Total | | 813,229.66 |

| Grant Expenditures SFY14 | | |
|---------------------------------|------------|---------------------|
| Drinking Water | | |
| 2009 ARRA | 2W32000209 | 388,658.35 |
| DW 10 | FS99996010 | 154,992.37 |
| DW 11 | FS99996011 | 5,094,130.14 |
| DW 12 | FS99996012 | 2,290,906.02 |
| DW 13 | FS99996013 | 0.00 |
| Total | | 7,928,686.88 |

SECTION 26: STATE MATCH PROVIDED

See Section 5

SECTION 27: CASH DRAW RATIO STATED

NDEP draws all match funding before grant dollars.

SECTION 28: CASH DRAW RATIO MATCHES IUP STATEMENT

Not applicable

SECTION 29: PERCENTAGE OF ADDITIONAL SUBSIDIZATION PROVIDED

See Section 19

SECTION 30: USE OF ADDITIONAL SUBSIDIZATION

See Sections 18 and 19

SECTION 31: IDENTIFY AMOUNT OF FEES COLLECTED

NDEP applies a .5% loan origination fee to traditional loans for the CWSRF program. Fee income will eventually help cover the cost of program administration. A fee of \$123,750 was received from Carson City Public Utilities in SFY 2014.

NDEP is not currently charging fees to supplement available set-aside funds in the DWSRF Program.

SECTION 32: IDENTIFY SOURCES AND USES OF THE FEES

While fee income is not currently be utilized, it will eventually help cover the cost of program administration.

SECTION 33: DISCUSS FINANCIAL PERFORMANCE: FUND UTILIZATION; UNLIQUIDATED OBLIGATIONS; POLICIES AND PROCESSES WHICH PROMOTE THE LONG TERM FINANCIAL HEALTH OF THE FUND.

NDEP's SFY 2014 Financial Statements provided detailed information on NDEP's current financial performance and include improvement in both restricted and unrestricted net assets. See Section 12 of this report for NDEP's cumulative fund utilization. The table below depicts NDEP's unliquidated obligations as of the end of SFY 2014.

| Program | Grant ID | State Fiscal Year (of funding) | Approved Funding | Funds Paid to Date | Remaining Funds/ULO | Percent ULO |
|--------------------------|---------------|--------------------------------|----------------------|----------------------|----------------------|---------------|
| CWSRF | CS32000110 | SFY10 | 13,276,300.00 | 13,276,300.00 | 0.00 | 0.00% |
| CWSRF | CS32000111 | SFY11 | 7,222,000.00 | 7,222,000.00 | 0.00 | 0.00% |
| CWSRF | CS32000112 | SFY12 | 6,908,000.00 | 6,908,000.00 | 0.00 | 0.00% |
| CWSRF | CS32000113 | SFY13 | 6,520,000.00 | 137,410.37 | 6,382,589.63 | 97.89% |
| Total CWSRF BASE | | | 33,926,300.00 | 27,543,710.37 | 6,382,589.63 | 18.81% |
| DWSRF | FS99996010 | SFY 9 & 10 | 21,719,000.00 | 21,719,000.00 | 0.00 | 0.00% |
| DWSRF | FS99996011 | SFY11 | 9,268,000.00 | 9,080,907.64 | 187,092.36 | 2.02% |
| DWSRF | FS99996012 | SFY12 | 9,125,000.00 | 2,432,892.35 | 6,692,107.65 | 73.34% |
| DWSRF | FS99996013 | SFY13 | 8,421,000.00 | 0.00 | 8,421,000.00 | 100.00% |
| Total DWSRF BASE | | | 48,533,000.00 | 33,232,799.99 | 15,300,200.01 | 31.53% |
| DWSRF ARRA | 2F-00T04909-3 | SFY 09 | 19,500,000.00 | 19,500,000.00 | 0.00 | 0.00% |
| Total DWSRF ARRA | | | 19,500,000.00 | 19,500,000.00 | 0.00 | 0.00 |
| Total Open Grants | | | | | 4 | |

SECTION 34: AMOUNT OF PROJECT FUNDS DE-OBLIGATED AND RE-OBLIGATED OR ENCUMBERED TO OTHER PROJECTS.

No De-obligations or Re-obligations occurred in either program during SFY 2014.

DWSRF SPECIFIC

SECTION 35: NUMBER OF CONSTRUCTION STARTS AND INITIATIONS OF OPERATIONS

There were two CW projects that started construction and one who initiated operation in SFY2014. There were five DW projects that started construction and 15 who initiated operations in SFY2014.

SECTION 36: BYPASS PROCEDURES STATEMENT

See Section 14.

SECTION 37: WERE PROJECTS BYPASSED

See Section 14 for details.

SECTION 38: SET-ASIDES TAKEN MATCH IUP

NDEP budgeted a total of \$2,246,936 in set-aside funds through the Set-aside Work Plan. Actual set-asides used in SFY 2014 totaled \$2,108,322, a difference of \$78,436. See Attachment 4 for further details.

| DWSRF Set-asides Used as Compared to IUP Budget | | | |
|--|---------------------|------------------------|-------------------|
| | IUP Budget | SFY 2014 Actual | Difference |
| 2% | 183,940.00 | 184,894.57 | (954.57) |
| 4% | 358,519.00 | 322,215.76 | 36,303.24 |
| 10% | 829,553.00 | 579,084.16 | 250,468.84 |
| 15% | 1,094,596.00 | 1,022,127.76 | 72,468.24 |
| Total | 2,466,608.00 | 2,108,322.25 | 358,285.75 |

SECTION 39: SET-ASIDE ACTIVITIES AND PROJECTS FUNDED REPORTED IN ANNUAL REPORT MATCH IUP

See Attachment 4

SECTION 40: ATTACH ANY ANNUAL REPORTS RELATED TO SET-ASIDES (I.E., CAPACITY DEVELOPMENT OPERATOR CERTIFICATION)

See Attachment 5 for Capacity Development Report

SECTION 41: BALANCE OF BANKED AUTHORITY BY SET-ASIDE CATEGORY

See Attachment 6

SECTION 42: IDENTIFY SMALL COMMUNITIES THAT RECEIVED A MINIMUM OF 15% OF ANNUAL AVAILABLE DWSRF Funds for Loans

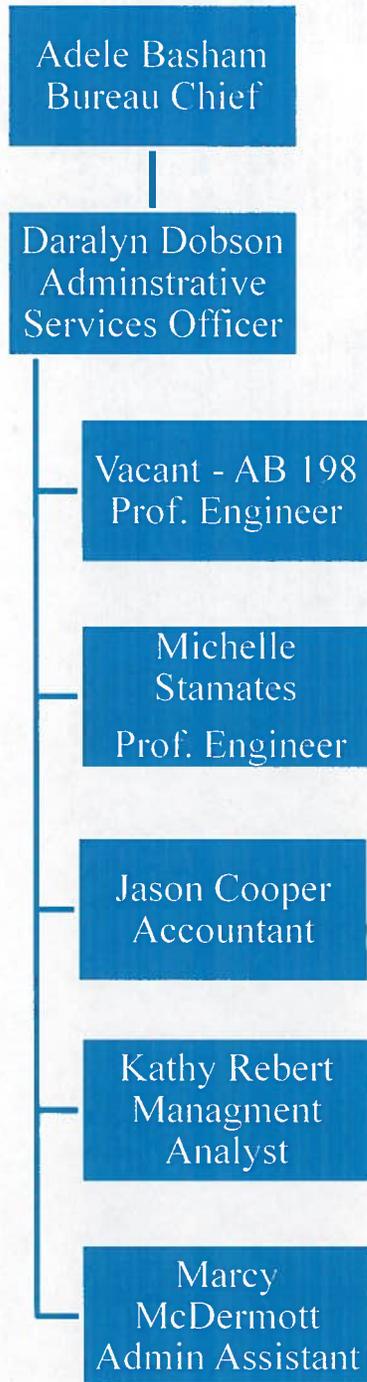
| Borrower | Loan Amount | Population |
|--------------------------------|------------------------|-------------------|
| Gerlach GID | 434,640.00 | 200 |
| McDermitt (2) | 500,000.00 | 200 |
| Silver Knolls Mutual Water Co. | 336,500.00 | 120 |
| Total: 3 Borrowers | \$ 1,271,140.00 | |

| FFY 2013 Cap Grant | Amount to Small Communities | Percent |
|---------------------------|------------------------------------|----------------|
| \$ 8,421,000.00 | \$ 1,271,140.00 | 15.09% |

ATTACHMENT 1

NDEP Organizational Chart

NEVADA DIVISION OF ENVIRONMENTAL PROTECTION
Bureau of Administrative Services
Office of Financial Assistance



ATTACHMENT 2

Unaudited Financial Statements

For the

State of Nevada Clean Water and Drinking Water
Revolving Fund

For the Period

July 1, 2013 through June 30, 2014

Management's Discussion and Analysis

Formation

The Nevada Clean Water Revolving Fund Program (the Program) was established pursuant to Title VI of the Federal Water Quality Act of 1987, the Clean Water Act (CWA), and the Nevada Revised Statutes 445A.060. The purpose of the Program is to provide low interest loans to local governments for constructing wastewater treatment facilities and non-point source projects.

Administration

The Program is administered by the State of Nevada's Department of Conservation and Natural Resources, Division of Environmental Protection (NDEP), which has developed policies and procedures to administer the Program's objectives and to comply with the CWA and State Statutes. NDEP determines funding levels of the Program's activities, approves loan applicants based upon financial capacity, and prepares priority lists with those compliance-related projects addressing public health risks receiving the highest ranking. NDEP staff also reviews project engineering reports and management functions to ensure the project can meet its technical and managerial requirements.

The Division has a small professional staff dedicated solely to performing services for Program activities. The allocated portion of salaries and benefits of employees for time spent working on Program activities, as well as indirect costs based on payroll costs, are charged to the Program. Employees charging time to the Program are covered by the State of Nevada Public Employee's Benefit Plan.

Annual Financial Report

The financial statements of the Program are compiled from the Nevada Comprehensive Annual Financial Report (CAFR). The reports are intended to give the reader a financial picture of the Program's current position and its activities over the last fiscal year. Presented are the following statements:

- Statement of Net Position
 - This gives an overview of our current position as of June 30, 2014. The statement includes assets held or expected to be received, liabilities due or payable, and the net position of the Program.
- Statement of Revenues, expenses and changes in net position
 - This statement shows our earning activity for fiscal year 2014. It includes operating income and expenses, as well as non-operating changes to net position.
- Statement of Cash Flows
 - This statement expresses our cash flows from operations, non-capital financing, capital financing, and investing activities.

Highlights

- Nevada has entered into three new loan contracts in FY2014, totaling \$25,377,350. two contracts are forgiven principal totaling \$627,350 and one is an interest bearing loan totaling \$24,750,000 with Interest of 2.79%.
- To date, Nevada has obligated \$439,362,757 in loans, benefitting 75 projects in 36 separate jurisdictions across Nevada. Contract amounts have ranged from \$43,005 to \$46.5 million.

Net Position Summary

| Statement of Net Assets | 2014 | 2013 | Change |
|--|----------------------|----------------------|-------------|
| Current Assets | | | |
| Cash and pooled investments | \$60,971,928 | \$49,588,362 | |
| Receivables | 3,038,360 | 3,102,876 | |
| Current portion of loan principal | 16,721,064 | 15,916,620 | |
| Other current assets | 1,415 | 0 | |
| Total current assets | 80,732,767 | 68,607,858 | 18% |
| Non-current assets | | | |
| Loan principal | 182,529,427 | 198,964,205 | |
| Total non-current assets | 182,529,427 | 198,964,205 | -8% |
| Total Assets | 263,262,194 | 267,572,063 | -2% |
| Deferred amount on bond refunding | 1,303,718 | 1,652,576 | |
| Total deferred amount on bond refunding | 1,303,718 | 1,652,576 | -27% |
| Current Liabilities | | | |
| Payroll and benefits | 13,167 | 7,379 | |
| Administration | 7,238 | 3,724 | |
| Bond interest | 916,635 | 1,017,075 | |
| Bond principal | 7,736,550 | 8,931,615 | |
| Other current liabilities | 46 | 0 | |
| Total current liabilities | 8,673,636 | 9,959,793 | -15% |
| Non-current Liabilities | | | |
| Bond principal | 51,075,504 | 58,812,054 | |
| Payroll and benefits | 3,541 | 2,465 | |
| Total non-current liabilities | 51,079,045 | 58,814,519 | -15% |
| Total Liabilities | 59,752,681 | 68,774,312 | -15% |
| Restricted for revolving loans | 204,813,231 | 200,450,327 | 2% |
| Total Liabilities and Net Assets | \$264,565,912 | \$269,224,639 | -2% |

The Program's net position changed negatively in FY14, mostly due to the reduction of outstanding debt and a change in accounting principal for bond issuance costs. Despite this fact, overall cash increased as loan repayments totaling \$21.9 million exceeded bond repayments by \$11.5 million.

Revenues, Expenses, and Changes in Net Position Summary

| Statement of Revenues, Expenses and Changes in Net Assets | 2014 | 2013 | Change |
|---|------------------|-------------------|----------------|
| Operating | | | |
| Operating Revenues | 6,119,190 | 6,064,934 | |
| Operating Expenses | 2,186,549 | 4,449,353 | |
| Net Income (loss) from Operations | 3,932,641 | 1,615,581 | 59% |
| Non-operating revenues (expenses) | | | |
| Federal Grants for Capitalization | 626,027 | 11,758,168 | |
| Investment Income | (195,764) | 1,014,933 | |
| Total non-operating revenues (expenses) | 430,263 | 12,773,101 | -2,869% |
| Change in net assets | 4,362,904 | 14,388,682 | |
| Net assets, July 1 ^A | 200,450,327 | 186,061,645 | |
| Net assets, June 30 | \$ 204,813,231 | 200,450,327 | 2% |

Operating revenues increased due to a larger amount of loan repayments than expenses. Disbursements to loan recipients slowed down during FY14 as various factors delayed projects from moving forward beyond the program's control.

Investment earnings continue to remain low due to artificially low interest rates in the market. Program cash is invested per the Treasurer's Office and is mandated to maintain safety and liquidity over return.

Capital Assets Information

At the end of the fiscal year, the Program's sole asset, a 2003 Dodge Durango, was fully depreciated. The asset is shared with the Drinking Water State Revolving Loan Program.

Debt Information

The Program has remained current on all bond repayments and maintains a debt service coverage ratio of 6.73. The total outstanding balance on all debt issued by the Program was \$58,812,054.

The Program did not issue any new bonds in FY14. The Program does not anticipate any bond sales within fiscal year 2015.

Budget Information

The Program is authorized to utilize a portion (not to exceed 4% of the net capitalization grant) of capitalization grants for administrative purposes. Historically, the Program has only utilized 2.6% of grant funds for administration. EPA reviews and approves proposed budgets in the grant application for the respective grants. In FY 2014, the Program utilized \$187,203.06 in the following manner:

| Category | Amount | Percent of Total |
|-------------------------------|---------------------|------------------|
| Salaries | \$79,534.04 | 42.49% |
| Benefits | 49,377.58 | 26.38% |
| Subtotal of Personnel | 128,911.62 | 68.86% |
| Travel | 1,763.39 | 0.94% |
| Supplies | 4,032.16 | 2.15% |
| Contracts | 3,975.00 | 2.12% |
| Construction | 0.00 | 0.00% |
| Equipment | 0.00 | 0.00% |
| Other Direct Costs | 16,014.99 | 8.55% |
| Indirect Costs | 32,505.90 | 17.36% |
| Subtotal of Operations | 58,291.44 | 31.14% |
| Total Administration | \$187,203.06 | 100.00% |
| 2010 Grant | 87,799.28 | 46.90% |
| 2011 Grant | 27,486.02 | 14.68% |
| 2012 Grant | 71,917.76 | 38.42% |

Economic Information

The Nevada Department of Employment, Training, and Rehabilitation (DETR) issued a report in February 2014 indicating Nevada's employment trend was better than originally forecasted. Job growth showed a 2.9% increase year-over-year. The full report is available for review at the following link: [https://www.nevadaworkforce.com/admin/uploadedPublications/3369 Annual benchmark 2014.pdf](https://www.nevadaworkforce.com/admin/uploadedPublications/3369%20Annual%20benchmark%202014.pdf)

On September 10, 2014 the Governor issued an Executive Order to convene a special session of the Nevada Legislature. This was done as a result of Tesla Motors announcing Nevada as the winner of a multi-state selection process for a new factory. The session ended with all proposed bills being passed, which grants special tax incentives and statute changes for Tesla Motors. Tesla plans to be complete with their factory in FY 2017.

The official economic outlook for the next budget biennium will not occur until the Nevada Economic Forum convenes in December. This report will be used to direct the Governor and Legislature in preparing Nevada's budget for FY16-17. Further details of Nevada's economy will not be available until then.

Program Contacts

This financial report is designed to provide a general overview of the State of Nevada's Clean Water State Revolving Fund Program's finances, and the Program's compliance with disclosure and accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Clean Water SRF, 901 South Stewart St., Carson City, NV 89701.

| Statement of Net Assets | Clean Water Program | |
|--|----------------------|----------------------|
| | as of June 30 | |
| | 2014 | 2013 |
| Current Assets | | |
| Cash and pooled investments | \$60,971,928 | \$49,588,362 |
| Federal grants receivable | 33,520 | 21,525 |
| Loan interest receivable | 2,812,947 | 2,893,392 |
| Investment interest receivable | 191,893 | 187,959 |
| Loan receivable | 16,721,064 | 15,916,620 |
| Due from other state funds | 0 | 0 |
| Prepaid Insurance | 1,415 | 0 |
| Total current assets | 80,732,767 | 68,607,858 |
| Non-current assets | | |
| Loan principal | 182,529,427 | 198,964,205 |
| Total non-current assets | 182,529,427 | 198,964,205 |
| Total Assets | 263,262,194 | 267,572,063 |
| Deferred amount on bond refunding | 1,303,718 | 1,652,576 |
| Total deferred amount on bond refunding | 1,303,718 | 1,652,576 |
| Current Liabilities | | |
| Payroll and benefits | 13,167 | 7,379 |
| Administration | 7,238 | 3,724 |
| Set-aside activities | 0 | 0 |
| Bond interest | 916,635 | 1,017,075 |
| Unearned interest | 46 | 0 |
| Loans to sub-recipients | 0 | 0 |
| Bond principal | 7,736,550 | 8,931,615 |
| Total current liabilities | 8,673,636 | 9,959,793 |
| Non-current Liabilities | | |
| Bond principal | 51,075,504 | 58,812,054 |
| Payroll and benefits | 3,541 | 2,465 |
| Total non-current liabilities | 51,079,045 | 58,814,519 |
| Total Liabilities | 59,752,681 | 68,774,312 |
| Net Assets | | |
| Restricted for revolving loans ^A | 204,813,231 | 200,450,327 |
| Total Liabilities and Net Assets | \$264,565,912 | \$269,224,639 |

The notes to the financial statements are an integral part of this statement.
Data compiled from the CAFR. This report is not independently audited.

^ASee note 8 to the financial statements for Changes to FY 2013

| Statement of Revenues, Expenses and Changes in Net Assets | Clean Water Program | |
|--|--------------------------------------|----------------------|
| | For State Fiscal year ending June 30 | |
| | 2014 | 2013 |
| Operating | | |
| Revenues | | |
| Service fees | \$123,750 | \$150,000 |
| Federal grants for set-aside activities | 187,203 | 221,621 |
| Loan interest | 5,808,237 | 5,693,313 |
| Total operating revenue | 6,119,190 | 6,064,934 |
| Expenses | | |
| Salaries and benefits | 130,134 | 141,890 |
| Administration | 58,291 | 77,360 |
| Principal forgiveness disbursements | 277,679 | 1,727,200 |
| Bond issuance costs ^A | 0 | 456,625 |
| Interest payable on bonds | 1,720,445 | 2,046,278 |
| Total operating Expenses | 2,186,549 | 4,449,353 |
| Net Income (loss) from Operations | 3,932,641 | 1,615,581 |
| Non-operating revenues (expenses) | | |
| Federal Grants for Capitalization | 626,027 | 11,758,168 |
| Investment Income | (195,764) | 1,014,933 |
| Transfers For Set-Aside Activities | 0 | 0 |
| Loss on uncollectable accounts | 0 | 0 |
| Total non-operating revenues (expenses) | 430,263 | 12,773,101 |
| Change in net assets | 4,362,904 | 14,388,682 |
| Net assets, July 1^A | 200,450,327 | 186,061,645 |
| Net assets, June 30 | \$204,813,231 | \$200,450,327 |

The notes to the financial statements are an integral part of this statement.
Data compiled from the CAFR. This report is not independently audited.

^ASee note 8 to the financial statements for Changes to FY 2013

Statement of Cash Flows

| | Clean Water Program | |
|--|--------------------------------------|------------------------|
| | For State Fiscal year ending June 30 | |
| | 2014 | 2013 |
| Cash flows from operating activities | | |
| Receipt of service fees | \$ 123,750 | \$ 150,000 |
| Receipt from other funds | - | - |
| Receipts of principal on loans | 16,052,200 | 15,233,477 |
| Receipts of interest on loans | 5,888,728 | 5,390,074 |
| Receipts from federal government | 175,208 | 220,752 |
| Disbursements of forgiven principal | (277,679) | (1,727,200) |
| Disbursements for employees | (124,893) | (145,221) |
| Disbursements for operations | (55,840) | (44,974) |
| Disbursements for bond administration | - | - |
| Disbursements to sub-recipients | (364,527) | (31,261,111) |
| Net cash provided by (used for) operating activities | 21,417,147 | (12,184,203) |
| Cash flows from noncapital financing | | |
| Federal grants for capitalization | 626,027 | 11,769,547 |
| Proceeds from the sale of bonds | - | 1,895,771 |
| Refunds from escrow for refunding bonds | 1 | - |
| Disbursements on refunding bonds | - | (1,865,240) |
| Disbursements for bond principal | (8,075,000) | (7,030,000) |
| Disbursements for bond interest | (2,328,643) | (3,007,444) |
| Disbursements for financing assistance | - | - |
| Net cash provided by (used for) noncapital financing activities | (9,777,615) | 1,762,634 |
| Cash flows from capital and related financing activities | | |
| Proceeds from the sale of assets | - | - |
| Disbursements for capital assets | - | - |
| Net cash provided by (used for) capital and related financing activities | - | - |
| Cash flows from investing activities | | |
| Interest, dividends and gains (losses) [^] | (255,966) | 1,016,093 |
| Net cash provided by (used for) investing activities | (255,966) | 1,016,093 |
| Net Increase (decrease in cash) | 11,383,566 | (9,405,476) |
| Cash and cash equivalents, July 1 [^] | 49,588,362 | 58,993,838 |
| Cash and cash equivalents, June 30 | \$ 60,971,928 | \$ 49,588,362 |
| Reconciliation of Operating Income (loss) to net change in cash from operations | | |
| Net income (loss) from operations | 3,932,641 | 3,661,860 |
| Change in loan principal | 15,687,673 | (15,374,820) |
| Change in loan interest | 80,445 | (303,238) |
| Change in receivables from federal government | (11,995) | 10,510 |
| Change in unearned interest | 46 | - |
| Change in other assets | 1,720,445 | (378,947) |
| Change in payroll and related benefits | 5,441 | 19,952 |
| Change in payables for administration | 2,451 | 9,006 |
| Change in other liabilities | - | 171,474 |
| Cash provided by operating activities | \$ 21,417,147 | \$ (12,184,203) |

The notes to the financial statements are an integral part of this statement. Data compiled from the CAFR. This report is not independently audited.

[^]See note 8 to the financial statements for changes to FY2013.

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The Program compiles its financial statements from the audited Nevada CAFR. The CAFR presents the Program as an Enterprise Fund, which follows the accrual method of accounting and economic resources measurement focus. This method requires revenues to be recorded when earned and expenses recorded when the liability is incurred.

In compiling the Program's financial statements, Nevada follows the accounting pronouncements generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is recognized as the body authorized to provide GAAP for state and local governments. GASB pronouncements, as well as statements issued by the Financial Accounting Standards Board (FASB) that GASB has codified to apply to enterprise fund accounting, have been adopted by the Program.

Capital Assets

Capital assets are defined as assets with a unit cost greater than \$5,000 and with an estimated useful life of greater than one year. Capital assets are depreciated over their useful life using the straight-line method. The Program's sole capital asset, a vehicle, was depreciated over a five year period and fully depreciated prior to the start of the period.

Cash and Cash Equivalents

The Nevada State Treasurer is an elected Constitutional Officer and part of the Executive Branch of the State government. The Treasurer is responsible for the handling of all State cash as a fiscal agent for the fund. The Treasurer manages an investment pool where all temporary surplus cash is invested. The investment pool has the same general characteristics as demand deposit accounts, and invested funds are considered to be cash equivalents. Management of the Program does not have control over the investment of excess cash and the statement of cash flows considers all funds deposited with the Treasurer to be cash and cash equivalents, regardless of actual maturities of the underlying investments. Deposits with the Nevada State Treasurer are accounted for on the balance sheet as cash with Treasurer. Investment interest earnings on these deposits are received by the program on a quarterly basis.

Loans Receivable

Nevada operates the Program as a direct loan program, whereby loans made to water systems are funded by the federal capitalization grant, state matching bond funds, revolving funds that have been repaid to the Program and Program earnings. The Program's loans are evidenced by a formal loan contract between NDEP and the borrower. Loan funds are disbursed to borrowers after they incur costs for the purposes of the loan. Federal grant funds are distributed to the State when the disbursement is made to the borrower. See note six for more information on loans Receivable.

Bonds Payable

The State issues state match bonds to meet its state match obligation. The State has also issued leveraged bonds to accelerate financing certain projects beyond amounts made available by federal grants. Bond premiums, discounts and refunding losses are amortized, using straight-line, over the life of the bonds. The Program follows GASB 65 requirements to expense cost of issuances at the time of sale. All bonds are backed by the full faith and credit of the State of Nevada, with the Program primarily responsible for repayment. See note five for more information on Bonds Payable.

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

Compensated Absences

Employees of the Program accrue vested annual leave at a variable rate based on years of service. Employees forfeit accumulated annual leave in excess of 240 hours at the end of a calendar year. Any employee who separates from state service is paid for all unused and un-forfeited annual leave at the employee's rate of pay at the time of separation.

Sick leave includes any approved period of paid absence granted an employee due to illness, injury or disability. Employees accrue sick leave at the rate similar to annual leave. If employees have vested more than 10 years of service with the state, they are entitled to payment for unused sick leave in excess of 30 days to a predetermined cap based upon years of service.

Operating activities defined

The Program distinguishes program revenues and expenses from non-program items. Program revenues and expenses generally result from providing services in connection with financing and administering moneys for the Program. The principal program revenues are program loan interest, EPA grant funds set-aside for administration, and service fees. Program expenses are administrative, amortization, program loan costs and forgivable principal expenses. All revenues and expenses not meeting this definition are reported as non-program revenues and expenses.

Note 2: Cash and cash equivalents

All monies of the Program are deposited with the Nevada State Treasurer and are considered cash and cash equivalents. All cash and investments are stated at fair market value. The Treasurer is responsible for maintaining and investing the pooled cash balances in accordance with NRS 355.140. The Treasurer is required to maintain a mix of investments in order to allow funds to be withdrawn at any time to meet normal operating needs. Un-invested cash balances for operating needs remain in the State's main checking account, and are either insured or collateralized to 102% in conformity with NRS 356.360. The Program's share of the investment income is based on the average daily balance for the period and is credited to the Program quarterly. The Program's historical earnings are listed below. The General Portfolio allocation is provided here to show the investments held as of the end of the period. Please visit the Treasurer's website at <http://www.nevadatreasurer.gov/Finances/Investment> for further information on risk and allocations.

| Office of State Treasurer General Portfolio as of June 30, 2014 | |
|--|--------|
| US Agency Discount Notes | 40.72% |
| US Treasury Notes | 12.82% |
| Small Business Administration Pools | 8.30% |
| Commercial Paper | 8.07% |
| Municipal Bonds | 6.22% |
| US Agency Coupon Securities | 5.87% |
| Corporate Notes-Coupon | 5.57% |
| Corporate Notes-Floating Rate | 4.13% |
| Money-Market Mutual Funds | 3.48% |
| Negotiable Certificates of Deposit | 2.41% |
| US Agency Callable Securities | 1.61% |
| Time Certificates of Deposit | 0.54% |
| GNMA Securities | 0.26% |

<http://www.nevadatreasurer.gov/Finances/Investment>

| Clean Water Earnings History | Earnings | Yield (Annualized) |
|------------------------------|-----------------|--------------------|
| FY 2014 | \$ 181,630.93 | 0.319% |
| FY 2013 | 197,479.99 | 0.330% |
| FY 2012 | 154,866.45 | 0.280% |
| FY 2011 | 214,073.55 | 0.423% |
| FY 2010 | 445,279.98 | 1.003% |
| Total Investments | \$ 1,193,330.90 | 0.445% |

All cash and investments are stated at fair market value. The State Controller's Office allocates fair value change across all holdings within the general portfolio. The Clean water share for FY2014 was: (\$1,002,005).

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

Note 3: Contributed Capital

The Program is capitalized by EPA grants authorized by the Clean Water Act and State issued general obligation bonds. Grant funds drawn and authorized for administration functions are recorded as operating revenue and outlined in note six to these financial statements. All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2014, the EPA has awarded \$175,509,642 in grants for capitalization since the Program's inception.

An application has been submitted to the EPA for federal fiscal year 2014 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance to loan recipients totaled \$6,684,830. Here is a detail of grant draws for loan recipients for FY2014:

| Grant Year | Grant Amount | Draws within State FY13 | Cumulative Draws thru State FY13 | Draws within State FY14 | Cumulative Draws thru State FY14 | Available funds at the end of FY14 |
|--------------|--------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|------------------------------------|
| Previous | 142,268,984 | | | | | |
| 2010 | 12,946,824 | - | 12,851,458 | 95,366 | 12,946,824 | - |
| 2011 | 7,194,514 | 5,091,796 | 6,970,974 | 223,540 | 7,194,514 | - |
| 2012 | 6,908,000 | 6,666,372 | 6,666,372 | 241,628 | 6,908,000 | - |
| 2013 | 6,191,320 | - | - | 65,493 | 65,493 | 6,125,827 |
| Total | 175,509,642 | 11,758,168 | 26,488,804 | 626,027 | 27,114,831 | 6,125,827 |

Note 4: Loans Receivable

The Program makes loans to qualified public entities for projects that meet the eligibility requirements of the Clean Water Act. Loans are financed by capitalization grants, state match, interest earnings on re-loan funds, re-loan funds, and leveraged bond funds. They are repaid by recipients using revenues from clean water services provided to residents, special tax assessments, and local bonds. In accordance with NRS 445A.290 and pursuant to the Office of the State Treasurer's policy, loan contracts require communities to issue local bonds to secure the loan amount which the State has pledged as collateral for bonds payable. In lieu of general obligation bonds, the applicant may, with the permission of the State Treasurer, exchange a revenue security instrument, providing for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum amount equal to 10% of the loan principal and must be deposited with the State Treasurer in the Local Government Investment Pool (LGIP), a Fiduciary Fund reported in the CAFR.

Loans to public systems range from \$178,316 to \$46,523,205 with maturities over a 20 year period. Semi-annual principal and interest payments are due January 1 and July 1, beginning at the earlier of six months after the project is completed or three years after the first loan draw. Effective interest rates on loans vary from 0% to 4.00% and are based upon the 20 year Bond Buyer Municipal Index for water systems that use a General Obligation bond to secure the loan and on the 20-year Revenue Bond Buyer Municipal index for all others. In determining the interest rate that is offered to a loan recipient, the rate of interest as published by the Bond Buyer Municipal Index is multiplied by a set percentage, which is currently

| Loans Receivable | Principal Due | Interest Due |
|------------------|----------------------|---------------------|
| FY15 | \$16,721,063.80 | \$5,547,683.14 |
| FY16 | 15,970,779 | 5,053,793 |
| FY17 | 15,420,623 | 4,595,794 |
| FY18 | 15,623,729 | 4,153,274 |
| FY19 | 15,728,826 | 3,702,595 |
| FY20-24 | 76,220,096 | 11,834,427 |
| FY25-29 | 35,075,050 | 3,572,789 |
| FY30-34 | 8,573,408 | 332,264 |
| FY35-37 | 119,675 | 6,770 |
| Total | \$199,453,250 | \$38,799,389 |

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

62.5%. Borrowers qualifying as "disadvantaged communities" under the Nevada Administrative Code (median household income of those served by the water system is less than 80% of that of the state as a whole), may be eligible to receive subsidization in the form of principal forgiveness, zero interest or negative interest.

All loan recipients are current and in good standing and no allowance for loan loss was recorded.

| Count | Type | Principal Paid | Outstanding Principal | Principal Forgiven |
|-------|--------------------------------|------------------|-----------------------|--------------------|
| 39 | Traditional Loans in repayment | \$117,480,494.46 | \$186,808,353.74 | |
| 15 | Traditional Loans paid off | 55,712,122.73 | 0.00 | |
| 2 | Open Loans in Repayment | 0.00 | 5,074,058.36 | |
| 3 | Open Loans not in repayment | - | 0.00 | |
| 59 | Traditional Loans | 173,192,617.19 | 191,882,412.10 | - |
| 3 | ARRA Loans in Repayment | 1,463,679.14 | 7,368,079.47 | |
| 0 | ARRA Loans paid off | 0.00 | 0.00 | |
| 3 | ARRA Loans | 1,463,679.14 | 7,368,079.47 | - |
| 3 | Principal Forgiven Loans | | | \$4,770,431.84 |
| 10 | ARRA Principal Forgiven Loans | | | 10,390,796.39 |
| 13 | Principal Forgiven Loans | - | - | 15,161,228.23 |

Note 5: Bonds Payable

Bonds issued by the State of Nevada provide resources for the required 20 percent match on federal grants. The bonds are general obligation bonds, backed by the full faith and credit of the State. As of June 30, 2014, Nevada had an outstanding par value of these bonds totaling \$54,280,000. Principal is due annually on August 1 through fiscal year 2021. The State has the right to redeem early any principal outstanding, with call premiums ranging from 0 to 1 percent. Interest on the bonds is payable semiannually with rates ranging from 2.0% to 5.30%. Debt service is paid for with revenues of the Program.

| MATCH BOND ISSUANCES | Principal | Interest | Total | Debt Service Coverage Ratio |
|----------------------|----------------|--------------|----------------|-----------------------------|
| FY15 | \$1,645,000.00 | \$176,400.00 | \$1,821,400.00 | 14.68 |
| FY16 | 1,675,000.00 | 125,700.00 | 1,800,700.00 | 16.26 |
| FY17 | 460,000.00 | 90,800.00 | 550,800.00 | 52.64 |
| FY18 | 480,000.00 | 72,000.00 | 552,000.00 | 61.41 |
| FY19 | 500,000.00 | 52,400.00 | 552,400.00 | 65.37 |
| FY20 | 520,000.00 | 32,000.00 | 552,000.00 | 64.69 |
| FY21 | 540,000.00 | 10,800.00 | 550,800.00 | 70.27 |
| Totals | \$5,820,000.00 | \$560,100.00 | \$6,380,100.00 | |

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

| LEVERAGE BOND ISSUANCES | Principal | Interest | Total | Debt Service Coverage Ratio |
|-------------------------|------------------------|-----------------------|------------------------|-----------------------------|
| FY15 | \$5,310,000.00 | \$1,918,873.20 | \$7,228,873.20 | 6.73 |
| FY16 | 5,460,000.00 | 1,757,200.85 | 7,217,200.85 | 7.41 |
| FY17 | 5,670,000.00 | 1,560,427.80 | 7,230,427.80 | 8.23 |
| FY18 | 5,730,000.00 | 1,304,363.70 | 7,034,363.70 | 9.19 |
| FY19 | 6,325,000.00 | 1,019,925.00 | 7,344,925.00 | 9.36 |
| FY20-23 | 19,965,000.00 | 1,416,950.00 | 21,381,950.00 | 9.80 TO 25.42 |
| Totals | \$48,460,000.00 | \$8,977,740.55 | \$57,437,740.55 | |

| Description | Bond Ratings: S&P / Moody's | Maturity August 1. | Balance on June 30, 2014 | Principal Currently due | Principal not currently due |
|--|--------------------------------|--------------------------|-----------------------------|----------------------------|--------------------------------|
| Match Issuances | | | | | |
| September 14, 2005, General Obligation (limited tax) Matching Bonds, Interest of 4.00% | AA / Aa2 | 2015 | \$460,000.00 | \$225,000.00 | \$235,000.00 |
| December 21, 2010, General Obligation (limited Tax) Matching Bonds, Interest of 3.00% | AA / Aa2 | 2020 | 3,360,000.00 | 420,000.00 | 2,940,000.00 |
| February 20, 2013, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 2.00% | AA / Aa2 | 2015 | 2,000,000.00 | 1,000,000.00 | 1,000,000.00 |
| | | Subtotal | 5,820,000.00 | 1,645,000.00 | 4,175,000.00 |
| Leverage Issuances | | | | | |
| December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 5.00% | AA / Aa2 | 2015 | 2,450,000.00 | 1,175,000.00 | 1,275,000.00 |
| December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 3.252% to 4.422% | AA / Aa2 | 2017 | 2,520,000.00 | 595,000.00 | 1,925,000.00 |
| November 16, 2011, General Obligation (Limited Tax) Leveraged Bonds, Interest of 2.00% to 5.00% | AA / Aa2 | 2020 | 26,445,000.00 | 1,040,000.00 | 25,405,000.00 |
| February 20, 2013, General Obligation (Limited Tax) Leveraged and Refunding Bonds, Interest 2.00% to 4.00% | AA / Aa2 | 2023 | 17,045,000.00 | 2,500,000.00 | 14,545,000.00 |
| | | Subtotal | 48,460,000.00 | 5,310,000.00 | 43,150,000.00 |
| Total of All Issuances | | | \$54,280,000.00 | \$6,955,000.00 | \$47,325,000.00 |

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

| Description | Issue | Outstanding Principal: June 30, 2013 | Issued | Retired or Refunded | Outstanding Principal: June 30, 2014 |
|--|-------------------------------|--|---------------|------------------------|--|
| Match Issuances | | | | | |
| July 1, 1998D, General Obligation (Limited Tax) Matching Bonds, Interest of 4.25% to 4.875% | 1998D | \$145,000.00 | \$0.00 | \$145,000.00 | \$0.00 |
| May 1, 2001, General Obligation (Limited Tax) Matching Bonds, Interest of 4.00% to 4.70% | 2001B | 135,000.00 | 0.00 | 135,000.00 | 0.00 |
| November 25, 2003, General Obligation (Limited Tax) Matching Bonds, Interest of 2.00% to 4.00% | 2003G | 315,000.00 | 0.00 | 315,000.00 | 0.00 |
| November 25, 2003, General Obligation (Limited Tax) Matching Bonds, Interest of 3.250% to 5.00% | 2003H | 750,000.00 | 0.00 | 750,000.00 | 0.00 |
| September 14, 2005, General Obligation (limited tax) Matching Bonds, Interest of 4.00% | 2005M | 680,000.00 | 0.00 | 220,000.00 | 460,000.00 |
| December 21, 2010, General Obligation (limited Tax) Matching Bonds, Interest of 3.00% | 2010G | 3,765,000.00 | 0.00 | 405,000.00 | 3,360,000.00 |
| February 20, 2013, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 2.00% | 2013C | 3,000,000.00 | 0.00 | 1,000,000.00 | 2,000,000.00 |
| | Subtotal | 8,790,000.00 | 0.00 | 2,970,000.00 | 5,820,000.00 |
| Leverage Issuances | | | | | |
| November 25, 2003, General Obligation (Limited Tax) Leveraged Bonds, Interest of 3.00% to 5.00% | 2003H | 2,400,000.00 | 0.00 | 2,400,000.00 | 0.00 |
| December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 5.00% | 2010H-1 | 3,560,000.00 | 0.00 | 1,110,000.00 | 2,450,000.00 |
| December 21, 2010, General Obligation (Limited Tax) Leveraged Bonds, Interest of 3.252% to 4.422% | 2010H-2 | 3,095,000.00 | 0.00 | 575,000.00 | 2,520,000.00 |
| November 16, 2011, General Obligation (Limited Tax) Leveraged Bonds, Interest of 2.00% to 5.00% | 2011C | 27,465,000.00 | 0.00 | 1,020,000.00 | 26,445,000.00 |
| February 20, 2013, General Obligation (Limited Tax) Leveraged and Refunding Bonds, Interest 2.00% to 4.00% | 2013B | 17,045,000.00 | 0.00 | 0.00 | 17,045,000.00 |
| | Subtotal | 53,565,000.00 | 0.00 | 5,105,000.00 | 48,460,000.00 |
| | Total of All Issuances | \$62,355,000.00 | \$0.00 | \$8,075,000.00 | \$54,280,000.00 |

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

Note 6: Administrative expenses

The Program is authorized to utilize a portion (not to exceed 4% of the net capitalization grant) of capitalization grants for administrative purposes. An application has been submitted to the EPA for federal fiscal year 2014 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for administration totaled \$168,170. The requested amount of grant funds for administration, as well as the current outstanding balance, is as follows:

| Open Grants Available | Grant Amount | Draws within State FY13 | Cumulative Draws thru State FY13 | Draws within State FY14 | Cumulative Draws Thru State FY14 | Available funds at the end of State FY14 |
|-----------------------|------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|--|
| Previous | 3,667,116 | - | 3,667,116 | - | 3,667,116 | - |
| 2010 | 329,476 | - | 234,110 | 95,366 | 329,476 | - |
| 2011 | 27,486 | - | - | 27,486 | 27,486 | - |
| 2012 | - | - | - | - | - | - |
| 2013 | 328,680 | - | - | - | - | 328,680 |
| Subtotal | 4,352,758 | - | 3,901,226 | 122,852 | 4,024,078 | 328,680 |

Note 7: Other Matters

Pensions and other Post-Employment Benefits

The Nevada Legislature created various plans to provide benefits to qualified employees of the Program. The Public Employees' Retirement Board administers the Public Employees' Retirement System of Nevada (PERS). Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months within special provisions for members entering the system on or after January 1, 2010. There are two funding contribution plans. The employee/employer match contribution plan calls for a level pater of cost as a percentage of salary currently at 12.25%. The employer contribution plan pays all contributions on behalf of the employee at a current rate of 23.75% against a reduced employee salary. For further plan information, PERS financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

Contingencies

The Program is exposed to various risks of loss related to torts, thefts of assets, errors or omissions, injuries to state employees while performing Program business, or acts of God. The State maintains insurance for all risks of loss that is included in the indirect costs allocated to the Program. There have not been any claims against the Program since its inception in 1989.

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

Related Parties

There are no related party transactions with or related to amounts receivable from management of the Nevada State Division of Environmental Protection Water Pollution Control Revolving Fund Program.

Subsequent Events

There were no subsequent events through October 30, 2014.

Note 8: Changes and restatements

The Governmental Accounting Standards Board (GASB) issued pronouncement 65 on March 2012 requiring entities to expense debt issuance costs in the period incurred (Par 15). Previously, this was required to be amortized over the life of the bond. This pronouncement requires this presentation for all financial statements issued after December 15, 2012. Since the Program issues comparative financial statements, fiscal year 2013 was restated to reflect the bond issuance costs as expensed. This resulted in a \$259,620 adjustment to beginning net assets.

Cash and pooled investments held by the Treasurer's Office on behalf of the program were adjusted by \$274,500. A calculation error in the fiscal year 2013 work papers indicated less money was allocated to the Clean Water SRF than should have been. The Drinking Water SRF Program statements are also restated for this reason.

State of Nevada Clean Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

Audit Compliance Section

Single Audit

The Program was subject to the requirements in the Single Audit Act for FY2013. The Single Audit was conducted by Kafoury, Armstrong & Co. Certified Public Accountants in conformance to accounting principals' generally accepted in the United States for Governmental entities. A copy of the FY2013 audit can be obtained through the following link:

<http://leg.state.nv.us/Division/Audit/>

Reconciliation to the Nevada CAFR

The Program's financial statements, footnotes, and related schedules are presented for the U.S. Environmental Protection Agency. The Program's account balances and activities are included in Nevada's CAFR as part of the Water Projects Loan Enterprise Fund, a major enterprise fund. Since one other SRF loan program, Brownfields Remediation SRF, is blended with the Drinking Water and Clean Water State Revolving Funds, the Drinking Water SRF assets, liabilities, equity and activities are not separately identifiable in Nevada's CAFR.

The CAFR is independently audited by Kafoury, Armstrong and Co. A reconciliation of the most recently audited CAFR (FY2013) and the related (FY2013) unaudited financial statements for both the Clean Water and Drinking Water SRF Programs is presented here. The financial statements for the Programs have been restated as indicated in note 8 of the financial statements. Follow this link for the independent auditor's opinion and the financial section to the CAFR:

http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html

Differences between the Program's financial statements presented and the Nevada CAFR are in footnotes to the following schedules.

Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects¹

Statement of Net Assets for Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | SRF Descriptions | CAFR Enterprise Water Projects Loans ² | NV Clean Water SRF Program | NV Drinking Water SRF Program | Brownfields | Variance to CAFR, as presented | NOTES |
|--|--|---|----------------------------|-------------------------------|-------------------|--------------------------------|------------|
| ASSETS | | | | | | | |
| Cash and pooled investments | Cash and pooled investments | \$ 82,375,176 | \$ 49,588,362 | \$ 31,972,985 | \$ 813,829 | \$ 0 | |
| Intergovernmental receivables | Accounts receivable-federal grants | 418,817 | 21,525 | 397,292 | | (0) | |
| Accrued interest and dividends | Accounts receivable-loan interest | 4,220,903 | 2,893,392 | 1,327,511 | | (0) | |
| Due from other funds | Accounts receivable-investment interest | 216,023 | 187,959 | 28,064 | | | |
| | Current portion of loan principal, net allowance for doubtful accounts | | 15,916,621 | 6,233,787 | | \$ 22,150,408 | [B] |
| Investments-current | Loan principal-noncurrent | | 198,964,205 | 102,899,049 | | \$ 19,074,658 | |
| Investments-noncurrent | | 282,788,596 | | | | \$(41,225,066) | |
| Notes/loans receivable | | 41,225,066 | | | | | |
| Deferred charges | Deferred amount on bond refunding | 2,601,636 | 1,652,576 | 167,183 | | \$ (781,877) | [C] |
| Furniture and equipment | | 35,280 | | | | \$ (35,280) | [B] |
| Less accumulated depreciation | | (35,280) | | | | \$ 35,280 | |
| Total Assets | Total Assets | \$ 413,846,217 | \$ 269,224,640 | \$ 143,025,871 | \$ 813,829 | \$ (781,877) | [C] |
| LIABILITIES | | | | | | | |
| Accounts Payable | Accounts Payable-Administration | 22,955 | 3,724 | 22,617 | | 3,386 | [B] |
| Accrued payroll and related-current portion | Accounts Payable-Payroll and related | 31,877 | 7,379 | 24,498 | | (0) | |
| Interest Payable | Accounts Payable-Bond interest | 1,345,737 | 1,017,075 | 328,662 | | | |
| Intergovernmental Payables | Accounts Payable-Principal forgiveness | | | | | | |
| Due to other funds | Accounts Payable-Administration | | | 110 | | (3,386) | [B] |
| | Accounts Payable-Administration | 278,145 | | 274,649 | | 0 | |
| Bonds payable-current portion | Bonds Payable-Current | 11,453,864 | 8,931,615 | 2,522,249 | | (0) | |
| Accrued payroll and related-noncurrent portion | Payroll and related costs-noncurrent | 9,482 | 2,465 | 7,017 | | (0) | |
| Bonds payable-noncurrent portion | Bonds Payable-noncurrent | 76,069,984 | 58,812,054 | 17,257,929 | | (1) | [A] |
| Total Liabilities | Total Liabilities | 89,212,044 | 68,774,312 | 20,437,731 | | (1) | [A] |
| NET ASSETS | | | | | | | |
| Restricted for revolving loans | Net Assets restricted for revolving loans | 324,634,173 | 200,450,327 | 122,588,140 | 813,829 | (781,877) | [C] |
| Total Net Assets | Total Net Assets | 324,634,173 | 200,450,327 | 122,588,140 | 813,829 | (781,877) | |
| Total Liabilities and Net Assets | Total Liabilities and Net Assets | 413,846,217 | 269,224,639 | 143,025,871 | 813,829 | (781,878) | |

FOOTNOTES

[A] VARIANCES DUE TO REPORTING DIFFERENCES, TIMING, OR ROUNDING.

[B] OFFSETS TO ZERO

[C] CHANGE IN ACCOUNTING PRINCIPAL PER GASB 65 REQUIREMENTS

CAFR DOES NOT RESTATE PREVIOUS YEAR-EXPENSED IN FY14

PROGRAM RE-STATED FY13 FOR CURRENT YEAR PRESENTATION PER GASB REQUIREMENT

State of Nevada
Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects.

Statement of Revenues, Expenses and Changes in Fund Net Assets for Proprietary Funds

For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | SRF Descriptions | CAFR Enterprise Water Projects Loans | NV Clean Water SRF Program | NV Drinking Water SRF Program | Brownsfields | Variance to CAFR, as presented | Notes |
|---|--|--------------------------------------|----------------------------|-------------------------------|----------------|--------------------------------|-------|
| Revenues and transfers in | | | | | | | |
| Federal government | Administrative Revenue | 18,121,597 | 221,621 | 1,791,644 | | \$ - | |
| | Federal Grants for Capitalization | | 11,758,168 | 3,527,329 | | | |
| | Federal Grants for ARRA Capitalization | | | 822,835 | | | |
| Charges for Services | Service fees | \$ 150,000 | 150,000 | - | | \$ - | |
| Interest Income on loans/notes | Loan interest | 8,723,236 | 5,693,313 | 3,028,795 | 1,129 | \$ (0) | |
| Interest and Investment Income | Investment Income | 1,605,962 | 197,480 | 101,775 | 3,255 | \$ - | |
| | Fair value change | | 817,453 | 464,758 | 21,243 | | |
| Total Revenues and transfers in | | 28,600,795 | 18,838,034 | 9,737,135 | 25,626 | | |
| Expenses and transfers out | | | | | | | |
| Operating | Salaries and Benefits | 379,213 | 141,890 | 237,323 | | \$ (0) | |
| Operating | Administration | 5,296,628 | 77,360 | 382,267 | | \$ 1 [A] | |
| | Disbursements | | 1,727,200 | 3,109,801 | | | |
| Bond issuance costs amortization | Bond issuance cost amortization | 485,249 | 456,624 | 28,625 | | \$ - | |
| Transfers out | State program management revenue | 1,168,012 | | 503,506 | | \$ - | |
| | Local Assistance Expense | | | 664,506 | | | |
| Interest on bonds payable | Interest Payable on Bonds | 2,782,660 | 2,046,278 | 736,382 | | \$ (0) | |
| Total Expenses and transfers out | | 10,111,762 | 4,449,352 | 5,662,410 | - | 1 | |
| Change in net assets | | 18,489,033 | 14,388,682 | 4,074,725 | 25,626 | \$ - | |
| Net assets, July 1 | | 306,145,140 | 186,061,645 | 118,513,415 | 788,203 | \$ 781,877 [B] | |
| Net assets, June 30 | | 324,634,173 | 200,450,327 | 122,588,140 | 813,829 | \$ 781,877 | |

FOOTNOTES

- [A] VARIANCES DUE TO REPORTING DIFFERENCES AND/OR ROUNDING AND ARE NOT LARGE ENOUGH TO CHANGE OPINI
- [B] CHANGE IN ACCOUNTING PRINCIPAL PER GASB 65 REQUIREMENTS
CAFR DOES NOT RESTATE PREVIOUS YEAR-EXPENSED IN FY14
PROGRAM RESTATED FY13 FOR CURRENT YEAR PRESENTATION PER GASB REQUIREMENT

For illustration purposes only
Data not independently audited

Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects¹

Statement of Cash Flows for Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | CAFR Enterprise Water Projects (A) | NV Clean Water SRP Program | NV Drinking Water Program | Brownfields | Variance to CAFR, as presented | Notes |
|---|------------------------------------|----------------------------|---------------------------|-------------|--------------------------------|-------|
| Cash flows from operating activities | | | | | | |
| Receipts from customers | \$ 266,938 | \$ 150,000 | \$ - | | | |
| Receipt of service fees | | | 116,938 | | | |
| Receipt from other funds | | | | | | |
| Receipts of principal on loans/notes | 20,740,074 | 15,233,477 | 5,393,406 | 193,197 | (1) | (A) |
| Receipts of interest on loans/notes | 8,313,872 | 5,390,074 | 2,972,669 | 1,129 | 0 | |
| Receipts from federal government | 18,744,393 | 220,752 | 1,829,292 | | 16,694,351 | (B) |
| Payments to suppliers, other governments and beneficiaries | (5,361,598) | (1,727,200) | (3,103,179) | | 0 | |
| Disbursements for bond administration | | (2,427) | (1,950) | | | |
| Disbursements for technical | | | (172,656) | | | |
| Disbursements for operations | (119,845) | (92,547) | (354,188) | | | |
| Disbursements for operations | (390,313) | (145,721) | (77,297) | | | |
| Disbursements to employees | | | (245,093) | | | |
| Disbursements to other governments | (41,241,447) | (31,261,111) | (9,980,335) | | (0) | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | 942,075 | (12,184,203) | (3,762,393) | 194,321 | 16,694,350 | |
| Cash flows from non-capital financing activities | | | | | | |
| Grants from EPA | | 11,769,547 | 4,924,804 | | (16,694,351) | (B) |
| Proceeds from the sale of bonds | 1,895,771 | 1,895,771 | | | | |
| Payments on refunding bonds | (1,865,240) | (1,865,240) | | | | |
| Principal paid on noncapital debt | (9,415,000) | (7,050,000) | (2,365,000) | | | |
| Interest paid on noncapital debt | (3,840,874) | (3,007,444) | (833,430) | | | |
| Transfer and advances to other funds | (1,118,960) | | (1,118,960) | | | |
| Payments to sub-recipients and organizations | | | | | | |
| NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES | (4,334,303) | 1,762,634 | 387,414 | | (16,694,351) | |
| Cash flows from capital and related financing activities | | | | | | |
| Proceeds from sale of assets | | | | | | |
| Purchase of capital assets | | | | | | |
| Disbursements to purchase assets | | | | | | |
| Principal paid on capital debt | | | | | | |
| Interest paid on capital debt | | | | | | |
| NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Cash flows from investing activities | | | | | | |
| Proceeds from the sale of investments | | | | | | |
| Purchase of investments | | | | | | |
| Interest, dividends and gains (losses) | 1,854,566 | 1,016,093 | 757,080 | 81,393 | | |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | 1,854,566 | 1,016,093 | 757,080 | 81,393 | | |
| NET INCREASE (DECREASE) IN CASH | (11,547,662) | (9,405,476) | (2,417,899) | 275,714 | (0) | |
| Cash and cash equivalents, July 1 | 93,922,838 | 58,993,838 | 34,390,864 | 558,116 | 0 | (A) |
| Cash and cash equivalents, June 30 | \$ 82,375,176 | \$ 49,588,362 | \$ 31,972,965 | \$ 813,829 | \$ (0) | |

FOOTNOTES

- [A] VARIANCES DUE TO REPORTING DIFFERENCES AND ARE NOT LARGE ENOUGH TO CHANGE OPINION
- [B] CAFR PRESENTS ALL FED GRANTS AS OPERATING. THE PROGRAM PRESENTS CAP GRANTS AS NON-CAPITAL FINANCING. SEE NOTE 1 TO THE FINANCIAL STATEMENT

Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects¹

Statement of Cash Flows for Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | CAFR Enterprise Water Projects Loans | NV Clean Water SRP Program | NV Drinking Water SRP Program | Brownfields | Variance to CAFR, as presented | Notes |
|---|--------------------------------------|----------------------------|-------------------------------|-------------|--------------------------------|-------|
| Reconciliation of Operating Income (loss) to net change in cash from operations | | | | | | |
| Operating Income | 20,833,743 | | | | | |
| Subtract EPA Grants listed on the CAFR as operating activities that are non-capital financing activities in the issuer's financial statements | (16,694,351) | | | | | |
| Adjusted operating income | 4,139,392 | 3,661,860 | 1,885,258 | 1,129 | | |
| Change in loans receivable | (20,511,373) | (15,374,820) | (5,915,764) | 193,191 | 586,020 | |
| Change in interest receivables | | (303,238) | (106,126) | | 409,364 | |
| Change in Federal Government Receivables | | 10,510 | 612,288 | | (622,798) | |
| Change in Deferred Charges | 330,372 | (20,583) | 327,595 | | (307,012) | |
| Change in interest payable | | (358,364) | (654,545) | | 1,343,281 | |
| Change in other payables including payroll | (195,916) | (28,938) | 91,702 | | 316,576 | |
| Amortization | 485,249 | 456,674 | 28,625 | | (316,577) | |
| Cash provided by operating activities | (15,752,276) | (12,184,203) | (3,762,393) | 194,320 | | |
| Add EPA Grants listed on the CAFR as operating activities that are non-capital financing activities in the issuer's financial statements | 16,694,351 | | | | | |
| Cash provided by operating activities | \$ 942,075 | | | | | |

Management's Discussion and Analysis

Formation

The Nevada Drinking Water State Revolving Fund Program (the Program) was established in 1997 pursuant to the Federal Safe Drinking Water Act (SDWA) and the Nevada Revised Statutes 445A.200 - 445A.295. The Program was established to provide assistance to Nevada's public water systems for projects that meet the eligibility requirements of the SDWA.

Administration

The Program is administered by the State of Nevada's Department of Conservation and Natural Resources, Division of Environmental Protection (NDEP), which has developed policies and procedures to administer the Program's objectives and to comply with the SDWA and State Statutes. NDEP determines funding levels of the Program's activities, approves loan applicants based upon financial capacity, and prepares priority lists with those compliance-related projects addressing public health risks receiving the highest ranking. NDEP staff also reviews project engineering reports and management functions to ensure the project can meet its technical and managerial requirements.

The Division has a small professional staff dedicated solely to performing services for Program activities. The allocated portion of salaries and benefits of employees for time spent working on Program activities, as well as indirect costs based on payroll costs, are charged to the Program. Employees charging time to the Program are covered by the State of Nevada Public Employee's Benefit Plan.

Annual Financial Report

The financial statements of the Program are compiled from the Nevada Comprehensive Annual Financial Report (CAFR). The reports are intended to give the reader a financial picture of the Program's current position and its activities over the last fiscal year. Presented are the following statements:

- **Statement of Net Position**
 - This gives an overview of our current position as of June 30, 2014. The statement includes assets held or expected to be received, liabilities due or payable, and the net position of the Program.
- **Statement of Revenues, expenses and changes in net position**
 - This statement shows our earning activity for fiscal year 2014. It includes operating income and expenses, as well as non-operating changes to net position.
- **Statement of Cash Flows**
 - This statement expresses our cash flows from operations, non-capital financing, capital financing, and investing activities.

Highlights

- Nevada has committed funds to six new loans in FY2014, totaling \$7,806,291. Five contracts are forgiven principal totaling \$1,806,291 and one is interest bearing totaling \$6,000,000 with interest of 2.79%.
- The Program has also amended four existing contracts to increase commitments by \$385,313.
- To date, Nevada has obligated \$180,850,869 in loans, benefitting 84 projects in 52 separate jurisdictions across Nevada. Contract amounts have ranged from \$20,000 to \$21.9 million.

Net Assets Summary

| Statement of Net Assets | 2014 | 2013 | Change |
|---|----------------------|----------------------|------------|
| Current Assets | | | |
| Cash and pooled investments | \$39,859,155 | \$31,972,985 | |
| Receivables | 1,946,569 | 1,752,867 | |
| Current portion of loan principal (net allowance) | 6,597,030 | 6,233,787 | |
| Other current assets | 2,309 | 0 | |
| Total current assets | 48,405,063 | 39,959,639 | 17% |
| Non-current assets | | | |
| Loan principal | 99,399,867 | 102,899,049 | |
| Total non-current assets | 99,399,867 | 102,899,049 | -4% |
| Total Assets | 147,804,930 | 142,858,688 | 3% |
| Deferred amount on bond refunding | 202,491 | 167,183 | |
| Total deferred amount on bond refunding | 202,491 | 167,183 | 17% |
| Current Liabilities | | | |
| Payroll and benefits | 26,371 | 24,498 | |
| Administration | 49,660 | 22,617 | |
| Set-aside activities | 284,136 | 274,759 | |
| Bond interest | 281,182 | 328,662 | |
| Bond principal | 2,640,211 | 2,522,249 | |
| Other current liabilities | 106,096 | 0 | |
| Total current liabilities | 3,387,656 | 3,172,785 | 6% |
| Non-current Liabilities | | | |
| Bond principal | 17,777,441 | 17,257,929 | |
| Payroll and benefits | 5,788 | 7,017 | |
| Total non-current liabilities | 17,783,229 | 17,264,946 | 3% |
| Total Liabilities | 21,170,885 | 20,437,731 | 3% |
| Restricted for revolving loans | 126,836,536 | 122,588,140 | 3% |
| Total Liabilities and Net Assets | \$148,007,421 | \$143,025,871 | 3% |

The Programs' net position changed positively during FY14, primarily due to a bond sale in FY 2014. The 2014D General Obligation (Limited-Tax) Match Bond was issued in April 2014 with cash proceeds totaling \$3,008,048. By the end of the fiscal year, only \$732,155 of these proceeds had been spent. It is the Program's intent to spend bond proceeds first to reduce the Program's exposure to arbitrage expenses. The bond will be paid off by FY2021.

Cash from the sale of the 2014D bond and receipt of loan repayments contributed to most of the cash change in FY14 for the program. No grant dollars remained in the account at the end of the fiscal year.

Revenues, Expenses, and Changes in Net Position Summary

| Statement of Revenues, Expenses and Changes in Net Assets | 2014 | 2013 | Change |
|--|----------------------|----------------------|-------------|
| Operating | | | |
| Operating Revenues | \$5,094,234 | \$4,820,439 | |
| Operating Expenses | 4,901,219 | 4,494,398 | |
| | <hr/> | <hr/> | |
| Net Income (loss) from Operations | 193,015 | 326,041 | -69% |
| Non-operating revenues (expenses) | | | |
| Federal Grants for Capitalization | 5,820,365 | 4,350,164 | |
| Investment Income | (137,970) | 566,532 | |
| Transfers For Set-Aside Activities | (1,431,820) | (1,168,012) | |
| Other non-operating revenues (expenses) | (195,194) | 0 | |
| | <hr/> | <hr/> | |
| Total non-operating revenues (expenses) | 4,055,381 | 3,748,684 | 7% |
| Change in net assets | 4,248,396 | 4,074,725 | |
| Net assets, July 1 ^A | 122,588,140 | 118,513,416 | |
| | <hr/> | <hr/> | |
| Net assets, June 30 | \$126,836,536 | \$122,588,140 | 3% |

Net position changed positively from operations due to more loan principal and interest (\$10,902,718) received than were distributed to loan recipients or bond payments (\$9,029,307).

Investment earnings continue to remain low due to artificially low interest rates in the market. Program cash is invested per the Treasurer's Office and is mandated to maintain safety and liquidity over return.

Capital Assets Information

At the end of the fiscal year, the Program's sole asset, a 2003 Dodge Durango, was fully depreciated. The asset is shared with the Clean Water State Revolving Loan Program.

Debt Information

The Program has remained current on all bond repayments and maintains a debt service coverage ratio of 3.73. The total outstanding balance on all debt issued by the Program was \$20,417,652.

The 2014D General Obligation (Limited-Tax) Match Bond was issued in April 2014 with cash proceeds for grant match totaling \$3,008,048. Additional proceeds totaling \$2,227,419 were placed in escrow for the refunding of the 2003J and 2005E bonds.

The Program does not anticipate any bond sales within fiscal year 2015.

Budget Information

The Program is authorized to utilize a portion (not to exceed 4% of the net capitalization grant) of capitalization grants for administrative purposes. Historically, the Program has only utilized 3.1% of grant funds for administration. EPA reviews and approves proposed budgets in the grant application for the respective grants. In FY 2014, the Program utilized \$322,215.76 in the following manner:

| Category | Amount | Percent of Total |
|-------------------------------|-------------------|------------------|
| Salaries | 132,680.69 | 41.18% |
| Benefits | 85,814.77 | 26.63% |
| Subtotal of Personnel | 218,495.46 | 67.81% |
| Travel | 5,858.87 | 1.82% |
| Supplies | 5,392.37 | 1.67% |
| Contracts | 20,750.00 | 6.44% |
| Construction | 0.00 | 0.00% |
| Equipment | 0.00 | 0.00% |
| Other Direct Costs | 17,575.89 | 5.45% |
| Indirect Costs | 54,143.17 | 16.80% |
| Subtotal of Operations | 103,720.30 | 32.19% |
| Total Administration | 322,215.76 | 100.00% |
| 2010 Grant | 0.00 | 0.00% |
| 2011 Grant | 37,965.39 | 11.78% |
| 2012 Grant | 284,250.37 | 88.22% |

The Program is authorized to utilize a portion (not to exceed 2% of the net capitalization grant) of grant funds for additional programs to help small water systems that serve a population of 10,000 or less. Historically, the Program has only utilized 1.6% of grant funds for small system support. EPA reviews and approves proposed budgets in the grant application for the respective grants. In FY 2014, the Program utilized \$184,894.57 in the following manner:

| Category | Amount | Percent of Total |
|---------------------------------------|-------------------|------------------|
| Salaries | 0.00 | 0.00% |
| Benefits | 0.00 | 0.00% |
| Subtotal of Personnel | 0.00 | 0.00% |
| Travel | 0.00 | 0.00% |
| Supplies | 0.00 | 0.00% |
| Contracts | 184,894.57 | 100.00% |
| Construction | 0.00 | 0.00% |
| Equipment | 0.00 | 0.00% |
| Other Direct Costs | 0.00 | 0.00% |
| Indirect Costs | 0.00 | 0.00% |
| Subtotal of Operations | 184,894.57 | 100.00% |
| Total Small Systems Assistance | 184,894.57 | 100.00% |
| 2010 Grant | 0.00 | 0.00% |
| 2011 Grant | 113,845.82 | 61.57% |
| 2012 Grant | 71,048.75 | 38.43% |

The Program is authorized to utilize a portion (not to exceed 10% of the net capitalization grant) of grant funds for State program management costs. They are incurred for two functions: enhancement of Public Water System Supervision and implementation of Nevada's capacity development strategy. Historically,

the Program has only utilized 6.9% of grant funds for State program management. In FY 2014, the Program utilized \$579,084.16 in the following manner:

| Category | Amount | Percent of Total |
|---------------------------------------|-------------------|------------------|
| Salaries | 195,434.35 | 33.75% |
| Benefits | 99,632.54 | 17.21% |
| Subtotal of Personnel | 295,066.89 | 50.95% |
| Travel | 25,781.71 | 4.45% |
| Supplies | 5,896.44 | 1.02% |
| Contracts | 128,476.38 | 22.19% |
| Construction | 0.00 | 0.00% |
| Equipment | 0.00 | 0.00% |
| Other Direct Costs | 50,386.16 | 8.70% |
| Indirect Costs | 73,476.58 | 12.69% |
| Subtotal of Operations | 284,017.27 | 49.05% |
| Total State Program Management | 579,084.16 | 100.00% |
| 2010 Grant | 10,754.52 | 1.86% |
| 2011 Grant | 568,329.64 | 98.14% |
| 2012 Grant | 0.00 | 0.00% |

The Program is authorized to utilize a portion (not to exceed 15% of the net capitalization grant) of grant funds for local assistance. This is to provide technical or financial assistance to public water systems for capacity development strategy and enhancement of the Wellhead Protection and Source Water Protection Programs. Historically, the Program has only utilized 7.4% of grant funds for State program management. In FY 2014, the Program utilized \$1,022,127.76 in the following manner:

| Category | Amount | Percent of Total |
|-------------------------------|---------------------|------------------|
| Salaries | 252,154.40 | 24.67% |
| Benefits | 118,238.99 | 11.57% |
| Subtotal of Personnel | 370,393.39 | 36.24% |
| Travel | 9,033.55 | 0.88% |
| Supplies | 729.28 | 0.07% |
| Contracts | 534,482.91 | 52.29% |
| Construction | 0.00 | 0.00% |
| Equipment | 0.00 | 0.00% |
| Other Direct Costs | 14,284.65 | 1.40% |
| Indirect Costs | 93,203.98 | 9.12% |
| Subtotal of Operations | 651,734.37 | 63.76% |
| Total Administration | 1,022,127.76 | 100.00% |
| 2010 Grant | 0.00 | 0.00% |
| 2011 Grant | 613,313.84 | 60.00% |
| 2012 Grant | 408,813.92 | 40.00% |

Economic Information

The Nevada Department of Employment, Training, and Rehabilitation (DETR) issued a report in February 2014 indicating Nevada's employment trend was better than originally forecasted. Job growth showed a 2.9% increase year-over-year. The full report is available for review at the following link: [https://www.nevadaworkforce.com/admin/uploadedPublications/3369 Annual benchmark 2014.pdf](https://www.nevadaworkforce.com/admin/uploadedPublications/3369%20Annual%20benchmark%202014.pdf)

On September 10, 2014 the Governor issued an Executive Order to convene a special session of the Nevada Legislature. This was done as a result of Tesla Motors announcing Nevada as the winner of a multi-state selection process for a new factory. The session ended with all proposed bills being passed, which grants special tax incentives and statute changes for Tesla Motors. Tesla plans to be complete with their factory in FY 2017.

The official economic outlook for the next budget biennium will not occur until the Nevada Economic Forum convenes in December. This report will be used to direct the Governor and Legislature in preparing Nevada's budget for FY16-17. Further details of Nevada's economy will not be available until then.

Program Contacts

This financial report is designed to provide a general overview of the State of Nevada's Drinking Water State Revolving Fund Program's finances, and the Program's compliance with disclosure and accountability. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Drinking Water SRF, 901 South Stewart St., Carson City, NV 89701.

| Statement of Net Assets | Drinking Water Program | |
|--|------------------------|----------------------|
| | as of June 30 | |
| | 2014 | 2013 |
| Current Assets | | |
| Cash and pooled investments | \$39,859,155 | \$31,972,985 |
| Federal grants receivable | 576,526 | 397,292 |
| Loan interest receivable | 1,241,992 | 1,327,511 |
| Investment interest receivable | 127,276 | 28,064 |
| Loan receivable | 6,597,030 | 6,233,787 |
| Due from other state funds | 775 | |
| Prepaid Insurance | 2,309 | 0 |
| Total current assets | 48,405,063 | 39,959,639 |
| Non-current assets | | |
| Loan principal | 99,399,867 | 102,899,049 |
| Total non-current assets | 99,399,867 | 102,899,049 |
| Total Assets | 147,804,930 | 142,858,688 |
| Deferred amount on bond refunding | 202,491 | 167,183 |
| Total deferred amount on bond refunding | 202,491 | 167,183 |
| Current Liabilities | | |
| Payroll and benefits | 26,371 | 24,498 |
| Administration | 49,660 | 22,617 |
| Set-aside activities | 284,136 | 274,759 |
| Bond interest | 281,182 | 328,662 |
| Unearned interest | 5,869 | 0 |
| Loans to sub-recipients | 100,227 | 0 |
| Bond principal | 2,640,211 | 2,522,249 |
| Total current liabilities | 3,387,656 | 3,172,785 |
| Non-current Liabilities | | |
| Bond principal | 17,777,441 | 17,257,929 |
| Payroll and benefits | 5,788 | 7,017 |
| Total non-current liabilities | 17,783,229 | 17,264,946 |
| Total Liabilities | 21,170,885 | 20,437,731 |
| Net Assets | | |
| Restricted for revolving loans ^A | 126,836,536 | 122,588,140 |
| Total Liabilities and Net Assets | \$148,007,421 | \$143,025,871 |

The notes to the financial statements are an integral part of this statement. Data compiled from the CAFR. This report is not independently audited.

^ASee note 8 to the financial statements for Changes to FY 2013

| Statement of Revenues, Expenses and Changes in Net Assets | Drinking Water Program | |
|--|--------------------------------------|----------------------|
| | For State Fiscal year ending June 30 | |
| | 2014 | 2013 |
| Operating Revenues | | |
| Service fees | \$0 | \$0 |
| Federal grants for set-aside activities | 2,108,322 | 1,791,644 |
| Loan interest | 2,985,912 | 3,028,795 |
| Total operating revenue | <u>5,094,234</u> | <u>4,820,439</u> |
| Expenses | | |
| Salaries and benefits | 229,371 | 237,323 |
| Administration | 445,807 | 382,267 |
| Principal forgiveness disbursements | 3,471,233 | 3,109,801 |
| Bond issuance costs ^A | 86,941 | 28,625 |
| Interest payable on bonds | 667,867 | 736,382 |
| Total operating Expenses | <u>4,901,219</u> | <u>4,494,398</u> |
| Net Income (loss) from Operations | <u>193,015</u> | <u>326,041</u> |
| Non-operating revenues (expenses) | | |
| Federal Grants for Capitalization | 5,820,365 | 4,350,164 |
| Investment Income | (137,970) | 566,532 |
| Transfers For Set-Aside Activities | (1,431,820) | (1,168,012) |
| Loss on uncollectable accounts | (195,194) | 0 |
| Total non-operating revenues (expenses) | <u>4,055,381</u> | <u>3,748,684</u> |
| Change in net assets | 4,248,396 | 4,074,725 |
| Net assets, July 1^A | <u>122,588,140</u> | <u>118,513,416</u> |
| Net assets, June 30 | <u>\$126,836,536</u> | <u>\$122,588,140</u> |

The notes to the financial statements are an integral part of this statement.
Data compiled from the CAFR. This report is not independently audited.

^ASee note 8 to the financial statements for Changes to FY 2013

| Statement of Cash Flows | Drinking Water Program | |
|---|---|-----------------------|
| | For State Fiscal year ending June 30 | |
| | 2014 | 2013 |
| Cash flows from operating activities | | |
| Receipt of service fees | \$ - | \$ - |
| Receipt from other funds | - | 116,938 |
| Receipts of principal on loans | 7,825,418 | 5,303,406 |
| Receipts of interest on loans | 3,077,300 | 2,922,669 |
| Receipts from federal government | 1,936,792 | 1,829,292 |
| Disbursements of forgiven principal | (3,461,968) | (3,103,179) |
| Disbursements for employees | (228,623) | (245,093) |
| Disbursements for operations | (417,955) | (606,091) |
| Disbursements for bond administration | (86,941) | - |
| Disbursements to sub-recipients | (4,851,058) | (9,980,335) |
| Net cash provided by (used for) operating activities | 3,792,975 | (3,762,393) |
| Cash flows from noncapital financing | | |
| Federal grants for capitalization | 5,812,662 | 4,924,804 |
| Proceeds from the sale of bonds | 5,323,182 | - |
| Refunds from escrow for refunding bonds | - | - |
| Disbursements on refunding bonds | (2,227,419) | - |
| Disbursements for bond principal | (2,460,000) | (2,385,000) |
| Disbursements for bond interest | (748,943) | (833,430) |
| Disbursements for financing assistance | (1,422,192) | (1,118,960) |
| Net cash provided by (used for) noncapital financing activities | 4,277,290 | 587,414 |
| Cash flows from capital and related financing activities | | |
| Proceeds from the sale of assets | - | - |
| Disbursements for capital assets | - | - |
| Net cash provided by (used for) capital and related financing activities | - | - |
| Cash flows from investing activities | | |
| Interest, dividends and gains (losses) [^] | (184,095) | 757,080 |
| Net cash provided by (used for) investing activities | (184,095) | 757,080 |
| Net Increase (decrease in cash) | 7,886,170 | (2,417,899) |
| Cash and cash equivalents, July 1 [^] | 31,972,985 | 34,390,884 |
| Cash and cash equivalents, June 30 | \$ 39,859,155 | \$ 31,972,985 |
| Reconciliation of Operating Income (loss) to n | | |
| Net income (loss) from operations | 193,015 | 1,062,422 |
| Change in loan principal | 2,983,635 | (5,915,764) |
| Change in loan interest | 85,519 | (106,126) |
| Change in receivables from federal government | (171,530) | 612,288 |
| Change in unearned interest | 5,869 | - |
| Change in other assets | - | 495,885 |
| Change in payroll and related benefits | 748 | 1,742 |
| Change in payables for administration | 37,181 | 89,960 |
| Change in other liabilities | 658,538 | (2,800) |
| Cash provided by operating activities | \$ 3,792,975 | \$ (3,762,393) |

The notes to the financial statements are an integral part of this statement.
Data compiled from the CAFR. This report is not independently audited.

[^]See note 8 to the financial statements for changes to FY2013.

Note 1: Summary of Significant Accounting Policies

Basis of Accounting

The Program compiles its financial statements from the audited Nevada CAFR. The CAFR presents the Program as an Enterprise Fund, which follows the accrual method of accounting and economic resources measurement focus. This method requires revenues to be recorded when earned and expenses recorded when the liability is incurred.

In compiling the Program's financial statements, Nevada follows the accounting pronouncements generally accepted in the United States (GAAP). The Governmental Accounting Standards Board (GASB) is recognized as the body authorized to provide GAAP for state and local governments. GASB pronouncements, as well as statements issued by the Financial Accounting Standards Board (FASB) that GASB has codified to apply to enterprise fund accounting, have been adopted by the Program.

Capital Assets

Capital assets are defined as assets with a unit cost greater than \$5,000 and with an estimated useful life of greater than one year. Capital assets are depreciated over their useful life using the straight-line method. The Program's sole capital asset, a vehicle, was depreciated over a five year period and fully depreciated prior to the start of the period.

Cash and Cash Equivalents

The Nevada State Treasurer is an elected Constitutional Officer and part of the Executive Branch of the State government. The Treasurer is responsible for the handling of all State cash as a fiscal agent for the fund. The Treasurer manages an investment pool where all temporary surplus cash is invested. The investment pool has the same general characteristics as demand deposit accounts, and invested funds are considered to be cash equivalents. Management of the Program does not have control over the investment of excess cash and the statement of cash flows considers all funds deposited with the Treasurer to be cash and cash equivalents, regardless of actual maturities of the underlying investments. Deposits with the Nevada State Treasurer are accounted for on the balance sheet as cash with Treasurer. Investment interest earnings on these deposits are received by the program on a quarterly basis.

Loans Receivable

Nevada operates the Program as a direct loan program, whereby the majority of loans made to water systems are funded by the federal capitalization grant and from state matching funds. Additional loans can be made from revolving funds that have been repaid to the Program and Program earnings. The Program's loans are evidenced by a formal loan contract between NDEP and the borrower. Loan funds are disbursed to borrowers after they incur costs for the purposes of the loan. Federal grant funds are distributed to the State when the disbursement is made to the borrower. See note four for more information on loans Receivable.

Bonds Payable

The State issues state match bonds to meet its state match obligation. Bond premiums and discounts are amortized, using straight-line, over the life of the bonds. The Program follows GASB 65 requirements to expense cost of issuances at the time of sale. All bonds are backed by the full faith and credit of the State of Nevada, with the Program primarily responsible for repayment. See note five for more information on Bonds Payable.

State of Nevada Drinking Water Revolving Fund Program
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Compensated Absences

Employees of the Program accrue vested annual leave at a variable rate based on years of service. Employees forfeit accumulated annual leave in excess of 240 hours at the end of a calendar year. Any employee who separates from state service is paid for all unused and un-forfeited annual leave at the employee's rate of pay at the time of separation.

Sick leave includes any approved period of paid absence granted an employee due to illness, injury or disability. Employees accrue sick leave at the rate similar to annual leave. If employees have vested more than 10 years of service with the state, they are entitled to payment for unused sick leave in excess of 30 days to a predetermined cap based upon years of service.

Operating activities defined

The Program distinguishes program revenues and expenses from non-program items. Program revenues and expenses generally result from providing services in connection with financing and administering moneys for the Program. The principal program revenues are program loan interest, and EPA grant funds set-aside for administration. Program expenses are administrative, amortization, program loan costs and forgivable principal expenses. All revenues and expenses not meeting this definition are reported as non-program revenues and expenses.

Note 2: Cash and cash equivalents

All monies of the Program are deposited with the Nevada State Treasurer and are considered cash and cash equivalents. All cash and investments are stated at fair market value. The Treasurer is responsible for maintaining and investing the pooled cash balances in accordance with NRS 355.140. The Treasurer is required to maintain a mix of investments in order to allow funds to be withdrawn at any time to meet normal operating needs. Un-invested cash balances for operating needs remain in the State's main checking account, and are either insured or collateralized to 102% in conformity with NRS 356.360. The Program's share of the investment income is based on the average daily balance for the period and is credited to the Program quarterly. The Program's historical earnings are listed below. The General Portfolio allocation is provided here to show the investments held as of the end of the period. Please visit the Treasurer's website at <http://www.nevadatreasurer.gov/Finances/Investment> for further information on risk and allocations.

| Office of State Treasurer General Portfolio as of June 30, 2014 | |
|--|--------|
| US Agency Discount Notes | 40.72% |
| US Treasury Notes | 12.82% |
| Small Business Administration Pools | 8.30% |
| Commercial Paper | 8.07% |
| Municipal Bonds | 6.22% |
| US Agency Coupon Securities | 5.87% |
| Corporate Notes-Coupon | 5.57% |
| Corporate Notes-Floating Rate | 4.13% |
| Money-Market Mutual Funds | 3.48% |
| Negotiable Certificates of Deposit | 2.41% |
| US Agency Callable Securities | 1.61% |
| Time Certificates of Deposit | 0.54% |
| GNMA Securities | 0.26% |

<http://www.nevadatreasurer.gov/Finances/Investment>

| Drinking Water Earnings History | Earnings | Yield (Annualized) |
|---------------------------------|----------------------|--------------------|
| FY 2014 | \$ 111,108.39 | 0.312% |
| FY 2013 | \$ 101,774.52 | 0.311% |
| FY 2012 | \$ 94,389.47 | 0.267% |
| FY 2011 | \$ 122,082.49 | 0.401% |
| FY 2010 | \$ 253,663.34 | 0.980% |
| Total | \$ 683,018.21 | 0.427% |

All cash and investments are stated at fair market value. The State Controller's Office allocates fair value change across all holdings within the general portfolio. The Drinking water fair value share for FY2014 was: (\$656,982).

State of Nevada Drinking Water Revolving Fund Program
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Note 3: Contributed Capital

The Program is capitalized by EPA grants authorized by the SDWA and State issued general obligation bonds. Grant funds drawn and authorized for administration functions are recorded as operating revenue and outlined in note six to these financial statements. All EPA funds drawn for loans are recorded as non-operating revenues. As of June 30, 2014, the EPA has awarded \$135,960,254 in grants for loans since the Program's inception.

An application has been submitted to the EPA for federal fiscal year 2014 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance to loan recipients totaled \$12,204,000. Here is a detail of grant draws for loan recipients for FY2014:

| Grant Year | Grant Amount | Draws within State FY13 | Cumulative Draws thru State FY13 | Draws within State FY14 | Cumulative Draws thru State FY14 | Available Funds at the end of State FY14 |
|--------------------------|-----------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|--|
| Previous | \$ 78,784,306 | \$ - | \$ 78,784,306 | \$ - | \$ 78,784,306 | \$ - |
| 2010 | 17,125,189 | 1,987,601 | 16,980,951 | 144,238 | 17,125,189 | - |
| 2011 | 6,566,298 | 1,397,742 | 2,805,623 | 3,760,675 | 6,566,298 | - |
| 2012 | 6,361,250 | 141,986 | 141,986 | 1,526,793 | 1,668,779 | 4,692,471 |
| 2013 | 8,084,160 | - | - | - | - | 8,084,160 |
| Subtotal | 116,921,203 | 3,527,329 | 98,712,866 | 5,431,706 | 104,144,572 | 12,776,631 |
| ARRA Grant Awards | | | | | | |
| 2009 | 19,039,051 | 822,835 | 18,650,393 | 388,658 | 19,039,051 | - |
| Subtotal | 19,039,051 | 822,835 | 18,650,393 | 388,658 | 19,039,051 | - |
| Total | \$ 135,960,254 | \$ 4,350,164 | \$ 117,363,259 | \$ 5,820,364 | \$ 123,183,623 | \$ 12,776,631 |

Note 4: Loans Receivable

The Program makes loans to qualified public and private water systems for projects that meet the eligibility requirements of the SDWA. Loans are financed by federal capitalization grants, state match, interest earnings on re-loan funds, and re-loan funds. They are repaid by recipients using revenues from drinking water services provided to residents, special tax assessments, and local bonds. In accordance with NRS 445A.290 and pursuant to the Office of the State Treasurer's policy, public system loan contracts require communities to issue local bonds to secure the loan amount which the State has pledged as collateral for bonds payable. In lieu of general obligation bonds, the applicant may, with the permission of the State Treasurer, exchange a revenue security instrument, providing for a reserve fund which may be funded from bond or loan proceeds or other available monies in the minimum amount equal to 10% of the loan principal and must be deposited with the State Treasurer in the Local Government Investment Pool (LGIP), a Fiduciary Fund reported in the CAFR. Privately-held system loan contracts require a certificate of deposit equal to the annual debt service be placed in an insured financial institution, with the Program named as beneficiary.

Loans to both public and privately-held recipients range from \$20,000 to \$21,900,000 with maturities over a 20 year period. Semi-annual principal and interest payments are due January 1 and July 1, beginning at the earlier of six months after the project is completed or three years after the first loan draw. Effective interest rates on loans vary from 0% to 4.03% and are based upon the 20 year Bond Buyer Municipal Index for water systems that use a General Obligation bond to secure the loan and on the 20-year Revenue Bond Buyer Municipal index for revenue bonds. In the spring of 2014, the Program changed the methodology in determining the interest rate that is offered to a loan recipient. Previously, the rate of interest published by the Bond Buyer Municipal Index was multiplied by a set percentage, which was 66%. The multiplier has been changed to 62.5% for all future loans commitments. Also, the program may offer zero-interest loans to those water systems that supply drinking water to disadvantaged

| Loans Receivable | Principal Due | Interest Due |
|------------------|----------------------|---------------------|
| FY15 | \$6,792,224.20 | \$2,915,839.20 |
| FY16 | 7,541,414 | 2,717,377 |
| FY17 | 7,773,591 | 2,495,883 |
| FY18 | 8,007,670 | 2,267,065 |
| FY19 | 8,243,615 | 2,030,899 |
| FY20-24 | 38,627,273 | 6,636,901 |
| FY25-29 | 23,773,661 | 2,118,366 |
| FY30-34 | 5,036,443 | 200,882 |
| FY35-37 | 196,201 | 5,366 |
| Total | \$105,992,091 | \$21,388,579 |

State of Nevada Drinking Water Revolving Fund Program
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communities and on loans made through ARRA funding. Borrowers qualifying as "Disadvantaged Communities" under the Nevada Administrative Code (median household income of those served by the water system is less than 80% of that of the state as a whole), may be eligible to receive subsidization in the form of principal forgiveness, zero interest or negative interest. Subsidization is also available for water systems that are consolidating into another system as outlined in the Program's current Intended Use Plan.

As of June 30, one loan recipient remained in default for outstanding principal totaling \$195,194. Efforts to collect the balance are currently underway. However, it is uncertain at this time whether or not any of the principal balance will be recovered. Therefore, an allowance has been established for this loan. The State Controller's Office will not deduct this balance from our loans receivable account until it is certain the loan will not be recovered and the collection process has been exhausted. This will create a difference between the Program's Financial Statement in FY14 and the audited CAFR for FY14.

| Count | Type | Principal Paid | Outstanding Principal | Principal Forgiven |
|-----------|----------------------------------|----------------------|-----------------------|----------------------|
| 32 | In repayment | \$37,450,103.93 | \$92,183,174.13 | |
| 1 | Paid off | 1,600,000.00 | | |
| 1 | Open in repayment | 202,110.73 | 2,050,260.79 | |
| 3 | Open not in repayment | 0.00 | 1,793,974.67 | |
| 37 | Traditional Public Loans | 39,252,214.66 | 96,027,409.59 | 0.00 |
| 7 | In repayment | 513,762.48 | 1,284,195.94 | |
| 2 | Paid off | 471,897.65 | 0.00 | |
| 1 | In default | 0.00 | 195,194 | |
| 1 | Open in repayment | 13,061.67 | 596,552.73 | |
| 3 | Open not in repayment | 0.00 | 625,385.55 | |
| 14 | Traditional Private Loans | 998,721.80 | 2,701,328.22 | 0.00 |
| 3 | In repayment | 1,288,687.04 | 6,726,889.96 | |
| 0 | Paid off | 0.00 | 0.00 | |
| 2 | Private in repayment | 124,165.20 | 731,657.42 | |
| 5 | ARRA Loans | 1,412,852.24 | 7,458,547.38 | 0.00 |
| 13 | Traditional | | | 6,973,709.34 |
| 4 | Private | | | 478,133.34 |
| 8 | ARRA Traditional | | | 6,136,488.81 |
| 3 | ARRA Private | | | 4,031,162.57 |
| 28 | Principal Forgiven Loans | 0.00 | 0.00 | 17,619,494.06 |

Note 5: Bonds Payable

Bonds issued by the State of Nevada provide resources for the required 20 percent match on federal grants. The bonds are general obligation bonds, backed by the full faith and credit of the State. As of June 30, 2014, Nevada had an outstanding par value of these bonds totaling \$19,980,000. Principal is due annually on August 1 through fiscal year 2027. The State has the right to redeem early any principal outstanding, with premiums ranging from 0 to 1 percent. Interest on the bonds is payable semiannually with rates ranging from 2.0% to 5.75%. Debt service is paid for with Program earnings.

In April 2014, the Program issued a General Obligation bond to provide match to federal grants. Par value totaled \$5,145,000 with a premium of \$178,181.85. Cost of issuance totaled \$86,940.68, which has been expensed in the current year per GASB 65. \$2,227,419.22 was placed in escrow to refund in advance maturities from the following:

- ▶ \$1,070,000 for series 2003J maturities in state fiscal years 2016 thru 2019
- ▶ \$1,080,000 for series 2005E partial maturities in state fiscal years 2018 thru 2020

State of Nevada Drinking Water Revolving Fund Program
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| MATCH BOND ISSUANCES | Principal | | | Interest | | | Total | | | Debt Service | |
|----------------------|-----------|-------------------|-----------|------------------|-----------|-------------------|----------|-------|--|----------------|--|
| | | Principal | Interest | Total | | Principal | Interest | Total | | Coverage Ratio | |
| FY15 | \$ | 2,550,000 | \$ | 650,123 | \$ | 3,200,123 | | | | 3.73 | |
| FY16 | | 3,235,000 | | 568,796 | | 3,803,796 | | | | 3.27 | |
| FY17 | | 2,585,000 | | 468,690 | | 3,053,690 | | | | 4.07 | |
| FY18 | | 2,680,000 | | 376,149 | | 3,056,149 | | | | 4.16 | |
| FY19 | | 2,640,000 | | 286,916 | | 2,926,916 | | | | 4.41 | |
| FY20-FY24 | | 4,635,000 | | 743,403 | | 5,378,403 | | | | 6.00 TO 22.35 | |
| FY25-FY27 | | 1,655,000 | | 91,688 | | 1,746,688 | | | | 24.32 TO 84.42 | |
| Totals | \$ | 19,980,000 | \$ | 3,185,764 | \$ | 23,165,764 | | | | | |

| Bond Data | Bond Ratings: S&P / Moody's | Maturity August 1, | Balance on June 30, 2014 | Principal Currently due | Principal not currently due |
|---|-----------------------------|--------------------|--------------------------|-------------------------|-----------------------------|
| Match Issuances | | | | | |
| November 1, 2003, General Obligation (Limited Tax) Matching Bonds, Interest from 2.00% to 4.25% | AA / Aa2 | 2018 | \$240,000 | \$240,000 | \$0 |
| April 6, 2005, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.30% | AA / Aa2 | 2020 | 3,645,000 | 710,000 | 2,935,000 |
| November 29, 2006, General Obligation (Limited Tax) Matching Bonds, Interest from 4.50% to 5.00% | AA / Aa2 | 2026 | 2,485,000 | 145,000 | 2,340,000 |
| July 31, 2008, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.00% | AA / Aa2 | 2018 | 1,815,000 | 335,000 | 1,480,000 |
| December 21, 2010, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 3.00% to 5.00% | AA / Aa2 | 2025 | 5,195,000 | 405,000 | 4,790,000 |
| November 16, 2011, General Obligation (Limited Tax) Matching Bonds, Interest from 2.00% to 4.00% | AA / Aa2 | 2015 | 1,455,000 | 715,000 | 740,000 |
| April 22, 2014, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest from 1.75% to 3.00% | AA / Aa2 | 2020 | 5,145,000 | 0 | 5,145,000 |
| Total of All Issuances | | | \$19,980,000 | \$2,550,000 | \$17,430,000 |

| Date | Issue | Outstanding Principal: June 30, 2013 | Issued | Retired or Refunded | Outstanding Principal: June 30, 2014 |
|---|-------|--------------------------------------|--------------------|---------------------|--------------------------------------|
| Match Issuances | | | | | |
| November 1, 2003, General Obligation (Limited Tax) Matching Bonds, Interest from 2.00% to 4.25% | 2003J | \$1,540,000 | \$0 | \$1,300,000 | \$240,000 |
| April 6, 2005, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.30% | 2005E | 5,415,000.00 | 0.00 | 1,770,000.00 | 3,645,000.00 |
| November 29, 2006, General Obligation (Limited Tax) Matching Bonds, Interest from 4.50% to 5.00% | 2006G | 2,620,000.00 | 0.00 | 135,000.00 | 2,485,000.00 |
| July 31, 2008, General Obligation (Limited Tax) Matching Bonds, Interest from 3.50% to 4.00% | 2008F | 2,140,000.00 | 0.00 | 325,000.00 | 1,815,000.00 |
| December 21, 2010, General Obligation (Limited Tax) Matching and Refunding Bonds, Interest 3.00% to 5.00% | 2010I | 5,585,000.00 | 0.00 | 390,000.00 | 5,195,000.00 |
| November 16, 2011, General Obligation (Limited Tax) Matching Bonds, Interest from 2.00% to 4.00% | 2011F | 2,145,000.00 | 0.00 | 690,000.00 | 1,455,000.00 |
| April 22, 2014, General Obligation (Limited Tax) Matching Bonds, Interest from 1.75% to 3.00% | 2014D | 0.00 | 5,145,000.00 | 0.00 | 5,145,000.00 |
| Total of All Issuances | | \$19,445,000 | \$5,145,000 | \$4,610,000 | \$19,980,000 |

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Note 6: Administrative and Set-aside Expenses

The Program is authorized to utilize a portion (not to exceed 4% of the net capitalization grant) for administrative purposes. An application has been submitted to the EPA for federal fiscal year 2014 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for administration totaled \$100,000. The requested amount of grant funds for administration, as well as the current outstanding balance, is as follows:

| Grant Year | Grant Amount | Draws within State FY13 | Cumulative Draws thru State FY13 | Draws within State FY14 | Cumulative Draws thru State FY14 | Available Funds at the end of State FY14 |
|--------------------------|---------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|--|
| Previous | 3,540,252 | | 3,540,252 | | 3,540,252 | - |
| 2010 | 636,956 | - | 636,956 | - | 636,956 | - |
| 2011 | 370,720 | 327,877 | 332,755 | 37,965 | 370,720 | - |
| 2012 | 300,000 | - | - | 284,250 | 284,250 | 15,750 |
| 2013 | 336,840 | - | - | - | - | 336,840 |
| Subtotal | 5,184,768 | 327,877 | 4,509,963 | 322,215 | 4,832,178 | 352,590 |
| ARRA Grant Awards | | | | | | |
| 2009 | 16,770 | 2,581 | 16,770 | - | 16,770 | - |
| Subtotal | 16,770 | 2,581 | 16,770 | - | 16,770 | - |
| Total | \$ 5,201,538 | \$ 330,458 | \$ 4,526,733 | \$ 322,215 | \$ 4,848,948 | \$ 352,590 |

SDWA allows cash expenditures for additional programs to help small water systems that serve a population of 10,000 or less. Up to 2% of the net capitalization grant may be used for these functions. An application has been submitted to the EPA for federal fiscal year 2014 grant funding, but remained pending as of June 30. It has been excluded from the total available balances listed below. This request for assistance for small systems totaled \$100,000. The amount of grant funds for small water systems, as well as the current outstanding balance, is as follows:

| Grant Year | Grant Amount | Draws within State FY13 | Cumulative Draws thru State FY13 | Draws within State FY14 | Cumulative Draws thru State FY14 | Available Funds at the end of State FY14 |
|--------------------------|---------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|--|
| Previous | 1,863,172 | | 1,863,172 | | 1,863,172 | - |
| 2010 | 434,380 | 99,809 | 434,380 | - | 434,380 | - |
| 2011 | 185,360 | 71,514 | 71,514 | 113,846 | 185,360 | - |
| 2012 | 182,500 | - | - | 71,049 | 71,049 | 111,451 |
| 2013 | - | - | - | - | - | - |
| Subtotal | 2,665,412 | 171,323 | 2,369,066 | 184,895 | 2,553,961 | 111,451 |
| ARRA Grant Awards | | | | | | |
| 2009 | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Total | \$ 2,665,412 | \$ 171,323 | \$ 2,369,066 | \$ 184,895 | \$ 2,553,961 | \$ 111,451 |

SDWA also allows cash expenditures for State program management costs. They are incurred for two functions: enhancement of Public Water System Supervision (PWSS) and implementation of Nevada's capacity development strategy. Up to 10% of the net capitalization grant may be spent on this function. The audited CAFR presents a portion of these funds as a non-operating transfer to other funds within the state accounting system. Therefore, the Program presents these funds as a non-operating transfer to other funds. The amount of grant funds for State program management, as well as the current outstanding balance, is as follows:

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| Grant Year | Grant Amount | Draws within State FY13 | Cumulative Draws thru State FY13 | Draws within State FY14 | Cumulative Draws thru State FY14 | Available Funds at the end of State FY14 |
|--------------------------|----------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|--|
| Previous | 7,876,875 | | 7,876,875 | | 7,876,875 | |
| 2010 | 1,661,678 | 503,506 | 1,650,923 | 10,755 | 1,661,678 | - |
| 2011 | 755,422 | - | - | 568,330 | 568,330 | 187,092 |
| 2012 | 912,500 | - | - | - | - | 912,500 |
| 2013 | - | - | - | - | - | - |
| Subtotal | 11,206,475 | 503,506 | 9,527,798 | 579,085 | 10,106,883 | 1,099,592 |
| ARRA Grant Awards | | | | | | |
| 2009 | 444,179 | - | 444,179 | - | 444,179 | - |
| Subtotal | 444,179 | - | 444,179 | - | 444,179 | - |
| Total | \$ 11,650,654 | \$ 503,506 | \$ 9,971,977 | \$ 579,085 | \$ 10,551,062 | \$ 1,099,592 |

In addition to the other set-asides for small systems and State program management, SDWA allows cash expenditures for local assistance. This is to provide technical or financial assistance to public water systems for capacity development strategy and enhancement of the Wellhead Protection and Source Water Protection Programs. Up to 15% of the net capitalization grant may be spent on this function. The audited CAFR presents a portion of these funds as a non-operating transfer to other funds within the state accounting system. The Program presents a portion of these funds as a non-operating transfer to other funds and amounts included in operations for salaries and operations. The amount of grant funds for local assistance, as well as the current outstanding balance, is as follows:

| Grant Year | Grant Amount | Draws within State FY13 | Cumulative Draws thru State FY13 | Draws within State FY14 | Cumulative Draws thru State FY14 | Available Funds at the end of State FY14 |
|--------------------------|----------------------|-------------------------|----------------------------------|-------------------------|----------------------------------|--|
| Previous | 7,874,895 | | 7,874,895 | | 7,874,895 | - |
| 2010 | 1,860,797 | 12,051 | 1,860,797 | - | 1,860,797 | - |
| 2011 | 1,390,200 | 776,886 | 776,886 | 613,314 | 1,390,200 | - |
| 2012 | 1,368,750 | - | - | 408,814 | 408,814 | 959,936 |
| 2013 | - | - | - | - | - | - |
| Subtotal | 12,494,642 | 788,937 | 10,512,578 | 1,022,128 | 11,534,706 | 959,936 |
| ARRA Grant Awards | | | | | | |
| 2009 | - | - | - | - | - | - |
| Subtotal | - | - | - | - | - | - |
| Total | \$ 12,494,642 | \$ 788,937 | \$ 10,512,578 | \$ 1,022,128 | \$ 11,534,706 | \$ 959,936 |

Note 7: Other Matters

Pensions and other Post-Employment Benefits

The Nevada Legislature created various plans to provide benefits to qualified employees of the Program. The Public Employees' Retirement Board administers the Public Employees' Retirement System of Nevada (PERS). Benefits, as required by statute, are determined by the number of years of accredited service at the time of retirement and the member's highest average compensation in any 36 consecutive months within special provisions for members entering the system on or after January 1, 2010. There are two funding contribution plans. The employee/employer match contribution plan calls for a level pater of cost as a percentage of salary currently at 12.25%. The employer contribution plan pays all contributions on behalf of the employee at a current rate of 23.75% against a reduced employee salary. For further plan information, PERS financial report may be obtained from the Public Employees' Retirement System, 693 West Nye Lane, Carson City, Nevada 89703.

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Contingencies

The Program is exposed to various risks of loss related to torts; thefts of, damage to or destruction of assets; errors or omissions; injuries to state employees while performing Program business; or acts of God. Nevada is self-insured against certain property and liability claims up to \$1,000,000 and carries excess liability insurance for any claim in excess of \$1,000,000. There have not been any claims against the Program since its inception.

Related Parties

There are no related party transactions with or related to amounts receivable from management of the Nevada Drinking Water State Revolving Fund.

Subsequent Events

As of October 30, 2014 there were no subsequent events.

Note 8: Changes and restatements

The Governmental Accounting Standards Board (GASB) issued pronouncement 65 on March 2012 requiring entities to expense debt issuance costs in the period incurred (Par 15). Previously, this was required to be amortized over the life of the bond. This pronouncement requires this presentation for all financial statements issued after December 15, 2012. Since the Program issues comparative financial statements, fiscal year 2013 was restated to reflect the bond issuance costs as expensed. This resulted in a \$259,620 adjustment to beginning net assets.

The current portion of loans receivable on the FY13 financial statements were understated equal to one collection period, resulting in a difference of \$2,525,530 between current and non-current loans receivable. The total outstanding loans due were not misstated, however.

Cash and pooled investments held by the Treasurer's Office on behalf of the program were adjusted by \$274,500. A calculation error in the fiscal year 2013 work papers indicated more money was allocated to the Clean Water SRF than should have been. The Clean Water SRF Program statements are also restated for this reason.

State of Nevada Drinking Water Revolving Fund Program
Notes to the Financial Statements
June 30, 2014

Audit Compliance Section

Single Audit

The Program was subject to the requirements in the Single Audit Act for FY2013. The Single Audit was conducted by Kafoury, Armstrong & Co. Certified Public Accountants in conformance to accounting principals' generally accepted in the United States for Governmental entities. The single audit is required by the federal government to provide assurance the Program is managing and using federal dollars in accordance with federal requirements. A copy of the FY2013 audit can be obtained through the following link:

<http://leg.state.nv.us/Division/Audit/>

Reconciliation to the Nevada CAFR

The Program's financial statements, footnotes, and related schedules are presented for the U.S. Environmental Protection Agency. The Program's account balances and activities are included in Nevada's CAFR as part of the Water Projects Loan Enterprise Fund, a major enterprise fund. Since one other SRF loan program, Brownfields Remediation SRF, is blended with the Drinking Water and Clean Water State Revolving Funds, the Drinking Water SRF assets, liabilities, equity and activities are not separately identifiable in Nevada's CAFR.

The CAFR is independently audited by Kafoury, Armstrong and Co. A reconciliation of the most recently audited CAFR (FY2013) and the related (FY2013) unaudited financial statements for both the Clean Water and Drinking Water SRF Programs is presented here. The financial statements for the Programs have been restated as indicated in note 8 of the financial statements. Follow this link for the independent auditor's opinion and the financial section to the CAFR:

http://controller.nv.gov/FinancialReports/CAFR_Download_Page.html

Differences between the Program's financial statements presented and the Nevada CAFR are in footnotes to the following schedules.

State of Nevada
Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects¹

Statement of Net Assets for Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | SRF Descriptions | CAFR Enterprise Water Projects Loans ¹ | NV Clean Water SRF Program | NV Drinking Water SRF Program | Brownfields | Variance to CAFR, as presented | NOTES |
|--|--|---|----------------------------|-------------------------------|-------------------|--------------------------------|------------|
| ASSETS | | | | | | | |
| Cash and Pooled Investments | Cash and pooled investments | \$ 82,375,176 | \$ 49,588,362 | \$ 31,972,985 | \$ 813,829 | \$ 0 | |
| Intergovernmental receivables | Accounts receivable-federal grants | 418,817 | 21,525 | 397,292 | | \$ (0) | |
| Accrued interest and dividends | Accounts receivable-loan interest | 4,220,903 | 2,893,392 | 1,327,511 | | \$ 0 | |
| Due from other funds | Accounts receivable-investment interest | 216,023 | 187,959 | 28,064 | | \$ - | |
| Investments-current | Current portion of loan principal, net allowance for doubtful accounts | - | 15,916,621 | 6,233,787 | | \$ 22,150,408 | [B] |
| Investments-noncurrent | Loan principal-noncurrent | 282,788,596 | 198,964,205 | 102,899,049 | | \$ 19,074,658 | |
| Notes/loans receivable | | 41,225,066 | | | | \$ (41,225,066) | |
| Deferred charges | Deferred amount on bond refunding | 2,601,636 | 1,652,576 | 167,183 | | \$ (781,877) | [C] |
| Furniture and equipment | | 35,280 | | | | \$ (35,280) | [B] |
| Less accumulated depreciation | | (35,280) | | | | \$ 35,280 | |
| Total Assets | Total Assets | \$ 413,846,217 | \$ 269,224,640 | \$ 143,025,871 | \$ 813,829 | \$ (781,877) | [C] |
| LIABILITIES | | | | | | | |
| Accounts Payable | Accounts Payable-Administration | 22,955 | 3,724 | 22,617 | | 3,386 | [B] |
| Accrued payroll and related-current portion | Accounts Payable-Payroll and related | 31,877 | 7,379 | 24,498 | | | |
| Interest Payable | Accounts Payable-Bond interest | 1,345,737 | 1,017,075 | 328,662 | | (0) | |
| Intergovernmental Payables | Accounts Payable-Principal forgiveness | | | | | | |
| Due to other funds | | | | | | | |
| | Accounts Payable-Administration | 278,145 | | 110 | | (3,386) | [B] |
| | Accounts Payable-Administration | | | 274,649 | | | |
| Bonds payable-current portion | Bonds Payable-Current | 11,453,864 | 8,931,615 | 2,522,249 | | 0 | |
| Accrued payroll and related-noncurrent portion | Payroll and related costs-noncurrent | 9,482 | 2,465 | 7,017 | | (0) | |
| Bonds payable-noncurrent portion | Bonds Payable-noncurrent | 76,069,984 | 58,812,054 | 17,257,929 | | (1) | [A] |
| Total Liabilities | Total Liabilities | 89,212,044 | 68,774,312 | 20,437,731 | | (1) | [A] |
| NET ASSETS | | | | | | | |
| Restricted for revolving loans | Net Assets restricted for revolving loans | 324,634,173 | 200,450,327 | 122,588,140 | 813,829 | (781,877) | [C] |
| Total Net Assets | Total Net Assets | 324,634,173 | 200,450,327 | 122,588,140 | 813,829 | (781,877) | |
| Total Liabilities and Net Assets | Total Liabilities and Net Assets | 413,846,217 | 269,224,639 | 143,025,871 | 813,829 | (781,878) | |

FOOTNOTES

[A] VARIANCES DUE TO REPORTING DIFFERENCES, TIMING, OR ROUNDING.

[B] OFFSETS TO ZERO

[C] CHANGE IN ACCOUNTING PRINCIPAL PER GASB 65 REQUIREMENTS
CAFR DOES NOT RESTATE PREVIOUS YEAR-EXPENSED IN FY14
PROGRAM RESTATED FY13 FOR CURRENT YEAR PRESENTATION PER GASB REQUIREMENT

State of Nevada
Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects.

Statement of Revenues, Expenses and Changes in Fund Net Assets for Proprietary Funds

For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | SRF Descriptions | CAFR Enterprise Water Projects Loans | NV Clean Water SRF Program | NV Drinking Water SRF Program | Brownsfields | Variance to CAFR, as presented | Notes |
|---|--|--------------------------------------|----------------------------|-------------------------------|--------------|--------------------------------|-------|
| Revenues and transfers in | | | | | | | |
| Federal government | Administrative Revenue | 18,121,597 | 221,621 | 1,791,644 | | \$ - | |
| | Federal Grants for Capitalization | | 11,758,168 | 3,527,329 | | | |
| | Federal Grants for ARRA Capitalization | | | 822,835 | | | |
| Charges for Services | Service fees | \$ 150,000 | 150,000 | - | | \$ - | |
| Interest Income on loans/notes | Loan interest | 8,723,236 | 5,693,313 | 3,028,795 | 1,129 | \$ (0) | |
| Interest and Investment Income | Investment Income | 1,605,962 | 197,480 | 101,775 | 3,255 | \$ - | |
| | Fair value change | | 817,453 | 464,758 | 21,243 | | |
| Total Revenues and transfers in | | 28,600,795 | 18,838,034 | 9,737,135 | 25,626 | | |
| Expenses and transfers out | | | | | | | |
| Operating | Salaries and Benefits | 379,213 | 141,890 | 237,323 | | \$ (0) | |
| Operating | Administration | 5,296,628 | 77,360 | 382,267 | | \$ - | [A] |
| | Disbursements | | 1,727,200 | 3,109,801 | | | |
| Bond issuance costs amortization | Bond issuance cost amortization | 485,249 | 456,624 | 28,625 | | \$ - | |
| Transfers out | State program management revenue | 1,168,012 | | 503,506 | | \$ - | |
| | Local Assistance Expense | | | 664,506 | | | |
| Interest on bonds payable | Interest Payable on Bonds | 2,782,660 | 2,046,278 | 736,382 | | \$ (0) | |
| Total Expenses and transfers out | | 10,111,762 | 4,449,352 | 5,662,410 | - | | |
| Change in net assets | | 18,489,033 | 14,388,682 | 4,074,725 | 25,626 | \$ - | |
| Net assets, July 1 | | 306,145,140 | 186,061,645 | 118,513,415 | 788,203 | \$ 781,877 | [B] |
| Net assets, June 30 | | 324,634,173 | 200,450,327 | 122,588,140 | 813,829 | \$ 781,877 | |

FOOTNOTES

[A] VARIANCES DUE TO REPORTING DIFFERENCES AND/OR ROUNDING AND ARE NOT LARGE ENOUGH TO CHANGE OPINION
[B] CHANGE IN ACCOUNTING PRINCIPAL PER GASB 65 REQUIREMENTS
CAFR DOES NOT RESTATE PREVIOUS YEAR-EXPENSES IN FY14
PROGRAM RESTATED FY13 FOR CURRENT YEAR PRESENTATION PER GASB REQUIREMENT

For illustration purposes only
Data not independently audited

State of Nevada

Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects¹

Statement of Cash Flows for Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | CAFR Enterprise Water Projects Loans | NV Clean Water SRF Program | NV Drinking Water SRF Program | Brownsfields | Variance to CAFR, as presented | Notes |
|---|--------------------------------------|----------------------------|-------------------------------|--------------|--------------------------------|-------|
| Cash flows from operating activities | | | | | | |
| Receipts from customers | \$ 266,938 | \$ 150,000 | \$ 116,938 | | \$ - | |
| Receipt of service fees | | | | | | |
| Receipt from other funds | | | | | | |
| Receipts of principal on loans/notes | 20,273,074 | 15,233,477 | 5,303,496 | 193,192 | (1) | (A) |
| Receipts of interest on loans/notes | 3,113,872 | 5,390,074 | 2,972,669 | 1,179 | 0 | |
| Receipts from federal government | 18,744,385 | 220,752 | 1,879,292 | | 16,694,351 | (B) |
| Payments to suppliers, other governments and beneficiaries | (5,361,598) | (1,727,200) | (3,103,179) | | 0 | |
| Payments for interfield services | | | | | | |
| Payments to employees | (119,845) | (62,547) | (172,656) | | (354,188) | |
| Purchases of loans and notes | (390,314) | (165,221) | (245,093) | | 0 | |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | (41,241,447) | (31,261,111) | (9,980,335) | | (0) | |
| Cash flows from non-capital financing activities | | | | | | |
| Grants from EPA | 942,075 | (12,184,203) | (3,767,393) | 194,321 | 16,694,350 | |
| Proceeds from the sale of bonds | | | | | | |
| Proceeds from sale of capital assets | | | | | | |
| Disbursements on refunding bonds | | | | | | |
| Disbursements for bond principal | | | | | | |
| Disbursements for bond interest | | | | | | |
| Disbursements for financing | | | | | | |
| Payments to sub-recipients and organizations | | | | | | |
| NET CASH PROVIDED BY NON-CAPITAL FINANCING ACTIVITIES | (14,344,303) | 1,762,634 | 587,414 | | (16,694,351) | |
| Cash flows from capital and related investing activities | | | | | | |
| Proceeds from sale of assets | | | | | | |
| Purchase of capital assets | | | | | | |
| Principal paid on capital debt | | | | | | |
| Interest paid on capital debt | | | | | | |
| Disbursements for principal on assets | | | | | | |
| Disbursements for interest on assets | | | | | | |
| NET CASH PROVIDED BY CAPITAL AND RELATED FINANCING ACTIVITIES | | | | | | |
| Cash flows from investing activities | | | | | | |
| Proceeds from the sale of investments | | | | | | |
| Purchase of investments | | | | | | |
| Interest, dividends, and gains (losses) | | | | | | |
| NET CASH PROVIDED BY INVESTING ACTIVITIES | | | | | | |
| Net increase (decrease in cash) | (11,547,662) | (9,405,476) | (2,417,899) | 275,714 | (0) | |
| Cash and cash equivalents, July 1 | 93,922,838 | 58,993,838 | 34,390,894 | 538,116 | 0 | (A) |
| Cash and cash equivalents, June 30 | \$ 82,375,176 | \$ 49,588,362 | \$ 31,972,985 | \$ 813,829 | \$ (0) | (0) |

FOOTNOTES

[A] VARIANCES DUE TO REPORTING DIFFERENCES AND ARE NOT LARGE ENOUGH TO CHANGE OPINION

[B] CAFR PRESENTS ALL FED GRANTS AS OPERATING.

THE PROGRAM PRESENTS CAP GRANTS AS NON-CAPITAL FINANCING. SEE NOTE 1 TO THE FINANCIAL STATEMENT

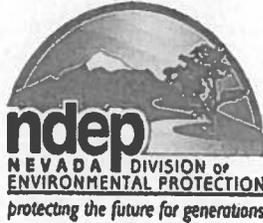
Comparison of the Comprehensive Annual Financial Report (CAFR) to Water Projects¹

Statement of Cash Flows for Proprietary Funds
For the Fiscal Year Ended June 30, 2013

| CAFR Descriptions | CAFR Enterprise Water Projects Loans | NV Clean Water SRP Program | NV Drinking Water SRP Program | Brownfields | Variance to CAFR, as presented | Notes |
|--|--------------------------------------|----------------------------|-------------------------------|-------------|--------------------------------|-------|
| Reconciliation of Operating Income (loss) to net change in cash from operations | | | | | | |
| Operating Income | 20,833,743 | | | | | |
| Subtract EPA Grants listed on the CAFR as operating activities that are non-capital financing activities in the program's financial statements | 4,139,392 | 3,661,860 | 1,885,238 | 1,129 | | |
| Adjusted operating income | (20,511,373) | (15,374,820) | (5,915,764) | 193,191 | 586,020 | |
| Change in interest receivable | 303,238 | (303,238) | (106,126) | | 409,364 | |
| Change in Federal Government Receivables | 10,510 | 10,510 | 612,288 | | (622,798) | |
| Change in Deferred Charges | (20,583) | (20,583) | 327,595 | | (307,012) | |
| Change in other assets | 330,372 | (358,364) | (654,545) | | 1,343,281 | |
| Change in interest payable | (195,916) | (285,150) | (31,426) | | 316,576 | |
| Change in other payables including payroll | 485,249 | 28,958 | 91,702 | | (316,577) | |
| Amortization | | 456,624 | 28,625 | | | |
| Cash provided by operating activities | (15,752,276) | \$ (12,184,203) | \$ (3,762,393) | \$ 194,320 | \$ - | |
| Add EPA Grants listed on the CAFR as operating activities that are non-capital financing activities in the program's financial statements | 16,694,351 | | | | | |
| Cash provided by operating activities | \$ 942,075 | | | | | |

ATTACHMENT 3

Project Evaluation Review



STATE OF NEVADA

Department of Conservation & Natural Resources

DIVISION OF ENVIRONMENTAL PROTECTION

Brian Sandoval, Governor

Leo M. Drozdoff, P.E., Director

Colleen Cripps, Ph.D., Administrator

Douglas E. Eberhardt, Manager
United States Environmental Protection Agency
Region IX
75 Hawthorne Street
San Francisco, CA 94105-3901

Dear Mr. Eberhardt:

During the month of April 2014 EPA Region 9 representatives performed the annual review of Nevada Division of Environmental Protection's (NDEP) Clean Water State Revolving Fund (CWSRF) and Drinking Water State Revolving Fund (DWSRF) programs. These programs were reviewed for the State Fiscal Year 2013, which ended 6/30/2013. Please see responses to the following findings.

1. **The State has until September 30, 2016 to draw all FY2013 and prior funds (Legacy ULOs). The State must also commit more DWSRF projects to funding.**

Although the FY2013 and prior grants have an expiration dates out seven years, NDEP will make every attempt to have all FY2013 and prior funds drawn by September 30, 2016 and will continue to commit funds as projects are ready to proceed.

2. **The State needs to position itself to draw down all future grants within two years from the date of grant award.**

Again, although grants have expiration dates out seven years, NDEP will strive to have all future grants funds drawn within two years from the date of the grant award.

3. **The State will continue to focus on the following ULO reduction techniques as described in Appendix F.**

- **Focus on Ready-To-Proceed Projects**
- **Develop a Robust List of Fund able Projects**
- **Forecast Financing Capacity through Use of Cash Flow or Similar Analysis**
- **Manage Set Aside Accounts to reflect the Pace of Funds Use**
- **Draw down the Federal Fund and State Match First**
- **Accelerate Federal Cash Draws through prompting Invoicing**

NDEP will continue to focus on the suggested ULO reduction techniques, while continuing to be mindful of the needs of the State, placing health concerns ahead of other projects.

4. **The State must follow the set aside reporting requirements outlined in Appendix G.**

NDEP will follow the newly developed Nevada Workplan and Annual Reporting Strategy 2014.

5. **By September 30, 2016, the State is expected to spend all Set Aside money within a year of award (minus small acceptable buffer). The goal is for the State to only take Set-Asides needed for the given year. Set Asides not taken in a certain year, may be banked. We would also like the State to consider the best practices/concepts expressed in Appendix H (ASDWA Recommended Best Practices to avoid Build-up of Set Aside ULOs).**

Although this goal is inconsistent with the goal mentioned in #2 and may be an unrealistic expectation considering the time the state's contracting process requires, NDEP currently utilizes most of the Best Practices mentioned above and will consider others if applicable to NDEP's program.

6. EPA is requesting Nevada to develop a ULO reduction plan for inclusion in their annual report due on October 1, 2014.

NDEP will include a ULO reduction plan in the 2014 Annual Report.

If you have any questions or concerns please feel free to contact Daralyn Dobson at 775 687-9489 or at ddobson@ndep.nv.gov.

Sincerely,



Adele Basham, Chief
Bureau of Administrative Services

ATTACHMENT 4

Work Plan Comments/Annual Report

| Task TA: 2% Small System Technical Assistance Set-aside | | | | | |
|--|----------------|---|-----------|---|--|
| Activity: Provide Technical Assistance to Small Public Water Systems | | | | | |
| Outcome: Offer technical assistance to all small water systems | | | | Output: Annual Progress Report, Names of Systems & Assistance Provided | |
| ID | Responsibility | Activity Description | Start | Finish | Workplan Comments / Annual Report |
| TA - A 1 | NvRWA | NDEP Related assistance with compliance issues, sanitary survey deficiencies, loan & grant assistance, emergency assistance | 1-Jul-13 | 30-Jun-15 | 5 systems received direct assistance to resolve deficiencies identified in Sanitary Surveys, and 2 were guide thorough presanitary surveys. Twenty-nine systems were assistance with mechanical-electrical problems, water quality or monitoring issues, and general operations BSDW and NvRWA staff worked with approximately seven water sites to develop or update Site Sampling Plans for compliance with the Revised Total Coliform Rule and related Groundwater Rule and public notification requirements. |
| TA - A 2 | NvRWA | Planning/Plan Implementation water conservation, O&M manuals, cross connection control, emergency response, wellhead protection, hydraulic modeling | 1-Jul-13 | 30-Jun-15 | NvRWA assisted three small water systems with conservation plans and four systems received assistance with identifying leaks, training in leak detection and water loss calculations |
| TA - A 3 | NvRWA | General Managerial Budgeting & rate setting, power consumption, digital mapping, general office & business practices | 1-Jul-13 | 30-Jun-15 | Eleven system received training and assistance oot the board and administrative levels. Seven small water system were assisted in identifying assets and mapping |
| Task Adm: 4% Administration Set-aside | | | | | |
| Activity: Administer the DWSRF Program | | | | | |
| Outcome: Effectively manage a self-sustaining DWSRF Loan Program and ensure that funds are available in perpetuity. | | | | Output: Annual Progress Report, Grant Application Apr, IUP May, NIMS Aug & Annual Report Dec | |
| ID | Responsibility | Activity Description | Start | Finish | Workplan Comments / Annual Report |
| Adm10 | OFA | Annual Priority List solicit projects, draft priority list, public participation, BFWP approval | Dec | July | Solicitation letter sent 12/12/12, Priority List workshop notice sent in March 2013, Workshop 4/30/13, BFWP Approval 7/9/13 |
| Adm20 | OFA/BSDW | IUP: draft IUP, public participation, finalize IUP | Apr | Jun | Draft IUP 5/12/14, Finalized IUP 7/22/14 |
| Adm30 | OFA | EPA Grant: prepare grant application & submit to EPA, receive EPA grant award | April | Jul | Grant Application submitted 5/19/14, Grant approval (award) 9/25/14 |
| Adm40 | OFA | Biennial Workplan | 1-Jul-13 | 30-Sep-13 | Submitted 10/16/13 (2014 & 2015) |
| Adm50 | OFA | Revise Workplan | as needed | as needed | N/A |
| Adm60 | OFA | Disadvantaged communities - additional subsidy | 1-Jul-13 | 30-Jun-15 | DBE Reports submitted 10/17/13 & 10/16/14 |
| Adm70 | OFA | Attend Conferences & Seminars including CIFA | ongoing | ongoing | Chief attended California Nevada Section of AWWA, Accountant attended Fall and Spring CIFA conference, Accountant attended Grant Management Class, & the Accountant, Professional Engineer, and Program Manager attended the NvRWA Conference |
| Adm80 | OFA | Annual DWSRF Report | 1-Sep | 30-Dec | Submitted January 2015 |
| Adm90 | OFA | Single Audit | Sep | Sep | State of Nevada audit 11/14 |
| Adm100 | OFA | FFR | ongoing | ongoing | Completed on time |
| Adm110 | OFA | Annual Capacity Report | 1-Jul | 15-Sep | Submitted 9/24/14 |
| Adm120 | OFA | PBR | ongoing | ongoing | Ongoing |
| Adm130 | OFA | NIMS Report | 1-Aug | 31-Aug | Completed on time |
| Adm140 | OFA | FFATA Report | ongoing | ongoing | Ongoing |
| Adm150 | OFA | LGTS Database Upgrades | 1-Jul-13 | 30-Jun-15 | Completed during SFY14 |

Task PM: 10% Program Management Set-aside

Activity 1: Public Water System Supervision Program (PWSS)

Outcome 1: *Maintain the Safe Drinking Water Information System (SDWIS) for use in managing Nevada PWSs; Integrate SDWIS with other Bureau workflow management tools and other State databases as appropriate; Continue to manage State and US EPA compliance and enforcement priorities using Enforcement Targeting Tool information, pursue enforcement as warranted and track ongoing compliance with Administrative Orders issued for non-compliance; Maintain operator certification program; and Maintain engineering design review activities*

Output: *PWSS Semiannual Progress Report Part II (a continuation of the PWSS Part I Semiannual Progress Report - Mid-Year and End-of-Year)*

| ID | Responsibility | Activity Description | Start | Finish | Workplan Comments / Semiannual Report |
|------------|----------------|--|----------|-----------|---|
| PWS10spm | BSDW | Support activities in PWSS program to ensure compliance with SDWA requirements | 1-Jul-13 | 30-Jun-15 | Ongoing workplan task. |
| PWS20spm | BSDW | Participate in EPA/State/Association workshops | 1-Jul-13 | 30-Jun-15 | The Bureau Chief attended the ASDWA Spring Meeting in Washington, DC. The Bureau Chief and Compliance Branch Supervisor attended the Fall ASDWA Conference in Long Beach. Staff attended: the Data Management User's Conference in Kansas City (1); the Small Systems Workshop in Cincinnati (2); and the Triennial OpCert/CapDev Workshop in Atlanta (1). BSDW staff and Supervisors regularly attend EPA webinar/workshops as topics are pertinent and time allows. |
| PWS30spm | BSDW | Reserved for any Part A - PWSS workplan Task A through E funded by the DWSRF Set-aside on a permanent basis. | 1-Jul-13 | 30-Jun-15 | See Integrated Workplan Part I Semi-Annual reports for SFY14 if needed. |
| PWS40spm | BSDW | Revise PWSS Sections of the IUP | May | May | Completed April, 2014. |
| SDWIS10spm | BSDW | Enter monitoring data into SDWIS | ongoing | ongoing | Performed daily. |
| SDWIS20spm | BSDW | Enter violations into SDWIS | ongoing | ongoing | Performed regularly and double-checked every quarter prior to the data upload to SDWIS Fed. |
| SDWIS30spm | BSDW | Report inventory updates, violations and enforcement actions to SDWIS quarterly | 1-Jul-13 | 30-Jun-15 | Completed by the 45th day after the end of a calendar quarter. |
| OC10spm | BSDW | Implement operator certification program | 1-Jul-13 | 30-Jun-15 | Ongoing workplan task. |
| OC20spm | BSDW | Support Operator Certification Forum | 1-Jul-13 | 30-Jun-15 | Operator Certification Forum meetings are coordinated by BSDW 3 to 4 times per year. |
| OC30spm | BSDW | Provide water distribution and treatment operator certification exams for levels 1 through 4 at least 2 times per year | 1-Jul-13 | 30-Jun-15 | During SFY14, exams were administered. |
| OC40spm | BSDW | Prepare Operator Certification Program Annual Report | Aug | Aug | Completed August 9, 2013. |

Activity 2: Capacity Development Strategy

Outcome 2: *Nevada's Capacity Development Strategy.*

Output: *Annual Report & Triennial Report to Governor*

| ID | Responsibility | Activity Description | Start | Finish | Workplan Comments / Annual Report |
|---------|----------------|--|----------|-----------|-----------------------------------|
| CD10spm | OFA, BSDW | Continue to evaluate Capacity Development Strategy | 1-Jul-13 | 30-Jun-15 | |
| CD20spm | OFA/BSW | Participate in the State-EPA Re-Energizing Capacity Development Work group, and promote participation of NDEP OFA and BSDW staff on activities under that umbrella | 1-Jul-13 | 30-Jun-15 | |
| CD30spm | OFA/BSW/BWPC | EPA Admin. & Governor Report / every 3 years | 1-Jul-14 | 30-Sep-14 | |

TASK 1A: 15% SET-ASIDE, LOCAL ASSISTANCE AND OTHER STATE PROGRAMS

| <p>Activity 1: Wellhead Protection - Source Water Protection/Groundwater</p> <p>Outcome 1: Implement the comprehensive Source Water Protection Program by providing outreach and assistance to local communities on strategies to protect their local water resources by preventing contamination of ground water and surface water, identifying and reducing the risk posed by potential water pollution sources through various state and local programs, and coordinating water protection activities throughout the state. Utilize information gathered in the assessment program to implement the vulnerability assessment and monitoring waiver programs.</p> | | | | | |
|---|----------------|--|--|-----------|--|
| ID | Responsibility | Activity Description | Start | Finish | Workplan Comments /Annual Report |
| | | | <p>Output: Annual Progress Report, List of communities awarded technical assistance, work plan goals and outcomes, start-end dates, and project status.</p> | | |
| SWP10osp | BWPC/BSDW | BWPC & BSDW collaborate to define future data needs and source water protection program activities | 1-Jul-13 | 30-Jun-15 | BWPC and BSDW engage regularly regarding overlapping activities between the BWPC Source Water Protection Program and the BSDW Vulnerability and Waiver Program. BWPC and BSDW continue to collect and share SWP, PWS assessment data as necessary to implement source water protection activities. |
| SWP20osp | BSDW | Provide Vulnerability Assessment Reports as needed to water systems, as related to informational statements required in Consumer Confidence Reports | 1-Jul-13 | 30-Jun-15 | The Vulnerability Assessment and Waiver project continued. Informational statements are included in CCRs as required. |
| SWP30osp | BSDW | New source water delineations and field contaminant source updates as needed, field observations and/or data collection may be conducted during Sanitary Survey inspections or specific travel for that purpose. | 1-Jul-13 | 30-Jun-15 | BSDW staff with experience in GPS and GIS visit new sources as time and resources allow in order to assess potential contaminant sources for new wells. At existing facilities, staff performing field work for Sanitary Surveys are aware of the program and observe areas surrounding PWS sources during inspections. |
| SWP40osp | BSDW | Evaluate water quality, risk, time of travel, susceptibility and other relevant information to determine source vulnerability, purchase appropriate software for this purpose as determined necessary by BSDW. | 1-Jul-13 | 30-Jun-15 | Appropriate information from available sources is reviewed to assess potential vulnerability of water wells to potential contaminant sources. A conservative radius is used in lieu of groundwater modeling at this time. |
| SWP50osp | BSDW | Update groundwater monitoring schedules and waivers | 1-Jul-13 | 30-Jun-15 | Ongoing workplan task when waivers are appropriate, or when they should be removed if contaminant vulnerability is a concern. |
| SWP60osp | BSDW | Utilize SDWIS to aid in source water protection evaluations and program decisions. If/when determined necessary by the BSDW, upgrade SDWIS software to enhance program capabilities. | 1-Jul-13 | 30-Jun-15 | SDWIS data is relied upon during the Vulnerability and Waiver assessment process. Detections of contaminants weighs into decisions regarding allowance (or continuance) of monitoring waivers. |
| SWP70osp | BSDW | Encourage water systems to engage in source water protection efforts | 1-Jul-13 | 30-Jun-15 | Ongoing workplan task. |
| WHIP10osp | BWPC | Enhance State SWP/WHIP Program and develop strategies for carrying out the programs and protecting public drinking water supplies and ground water resources | 1-Jul-13 | 30-Jun-15 | Worked with 2 technical consultants to assist communities to develop and/or implement SWP plans and to develop groundwater quality database and GIS application for assessing nitrate in groundwater throughout the State. |
| WHIP20osp | BWPC | Provide technical assistance with the development and implementation of community/public water system source water/wellhead protection plans, and encourage these activities at the local level. | 1-Jul-13 | 30-Jun-15 | Assisted in 5 counties (Douglas, Nye, Lyon, Mineral and Carson City) in development and/or implementation of countywide SWP/WHIPs. They cover 164 PWSs. Implementation activities included education and outreach, SWP event coordination, GIS tool development, training, code/ordinance adoption, and physical fencing. Staff met with county officials in Humboldt and Pershing counties in June 2014 to encourage countywide SWP planning. |
| WHIP30osp | BWPC | Encourage coordination among federal, state and local agencies and other community groups involved with source water and wellhead protection activities | 1-Jul-13 | 30-Jun-15 | Coordinated quarterly meetings and development of the Groundwater Newsletters for the Groundwater Protection Task Force, hosted a booth session at the Nevada League of Cities & Nevada Association of Counties joint conference (September 12, 2013) to reach out to city and county officials on SWP planning, assisted the BWPC Permitting Program in reviewing, analyzing water quality data and location of permitted discharges in proximity to SWP areas, and implementing electronic permitting and reporting tools. |
| WHIP40osp | BWPC | Develop technical guidance for water pollution prevention activities and best management practices | 1-Jul-13 | 30-Jun-15 | Developed draft guidance document on "Drinking Water Protection Areas Delineation and Management strategies" and draft guidance document for "Permitting of Reuse Systems by Injection of Highly Treated Reclaimed Water to an Underground Source of Drinking Water". |
| WHIP50osp | BWPC | Develop educational outreach materials and coordinate educational outreach activities. | 1-Jul-13 | 30-Jun-15 | Prepared draft guidance to assist communities/public water systems in conducting contaminant source inventories for designated SWP areas. Presented the groundwater model and surface water model demonstrations to 6th Grade science classes at 8 schools and 3 community events in Carson City, Douglas, Lyon, Washoe counties. |
| WHIP60osp | BWPC | Develop and enhance source water/wellhead protection data management and coordinate data sharing. | 1-Jul-13 | 30-Jun-15 | Maintain groundwater quality database for NDEP; maintain GIS based tool and regularly update GIS coverage for SWP/WHIP data, work with technical contractor to develop GIS application for assessing nitrate in groundwater throughout the state (ong-going). Participated in outreach efforts to assist 12 entities implementing electronic reporting tools. |
| WHIP70osp | BWPC | Maintain/enhance staff technical capabilities | 1-Jul-13 | 30-Jun-15 | Staff participated in 17 technical training sessions in the form of seminars, webinars and conferences. They covered SWP and water quality issues, wastewater treatment, reuse, and electronic reporting implementation. |

| TASK LA: 15% SET-ASIDE LOCAL ASSISTANCE AND OTHER STATE PROGRAMS (continued) | | | | | |
|--|-----------------------|--|--------------|---|---|
| Activity 2: Capacity Development | | | | | |
| Outcome 2: Provide assistance and training to improve PWS technical, managerial and financial capacity. | | | | Output: Annual Progress Report, Names of Systems and Assistance Provided | |
| ID | Responsibility | Activity Description | Start | Finish | Workplan Comments / Annual Report |
| TA - B | NvRWA | Training/Mentoring: water technology courses, board & staff training, operator training, annual conference & training scholarships | 1-Jul-13 | 30-Jun-15 | Conducted 20 different courses, assisting 739 participants (see attached Annual Capacity Development Report for further detail). Awarded 38 Scholarships for the annual NvRWA conference, held annual Reno conference |
| TA - C | NvRWA | Distance Training: technical e-learning / videoconferencing | 1-Jul-13 | 30-Jun-15 | 11 videoconference training courses with 246 Participants |
| Admin160 | OFA | Water Lines Publication | quarterly | quarterly | 2 Waterlines were published in SFY14 |
| CD40osp | NDEP, NvRWA | Provide TMF technical assistance to PWS | 1-Jul-13 | 30-Jun-15 | See attached Annual Capacity Development Report for details |
| NDEP Nevada Division of Environmental Protection | | | | | |
| BWPC Bureau of Water Pollution Control | | | | | |
| BSDW Bureau of Safe Drinking Water | | | | | |
| OFA Office of Financial Assistance | | | | | |
| NVRWA Nevada Rural Water Association | | | | | |

DRINKING WATER 2% SMALL SYSTEMS

| | | ACTUAL | BUDGET | DIFFERENCE | % OF BUDGET |
|---|---------------------|------------|------------|------------|-------------|
| A | SALARIES/BENEFITS | | | - | |
| B | LABOR INDIRECT COST | | | - | |
| C | OPERATING | | | - | |
| D | EQUIPMENT | | | - | |
| E | CONTRACTS | 184,894.57 | 183,940.00 | 954.57 | 100.5% |
| F | TRAINING | | | - | |
| G | TRAVEL | - | - | - | |
| | OUT-OF-STATE | | | - | |
| | IN-STATE | | | - | |
| | | 184,894.57 | 183,940.00 | 954.57 | 100.5% |

DRINKING WATER 4% ADMINISTRATION

| | | ACTUAL | BUDGET | DIFFERENCE | % OF BUDGET |
|---|---------------------|------------|------------|-------------|-------------|
| A | SALARIES/BENEFITS | 218,495.46 | 249,220.00 | (30,724.54) | 87.7% |
| B | LABOR INDIRECT COST | 54,143.17 | 61,757.00 | (7,613.83) | 87.7% |
| C | OPERATING | 23,443.72 | 7,364.00 | 16,079.72 | 318.4% |
| D | EQUIPMENT | - | - | - | |
| E | CONTRACTS | 20,750.00 | 13,913.00 | 6,837.00 | 149.1% |
| F | TRAINING | 1,465.48 | 1,925.00 | (459.52) | 76.1% |
| G | TRAVEL | 3,917.93 | 3,231.00 | 686.93 | 121.3% |
| | OUT-OF-STATE | 2,239.03 | 1,914.00 | 325.03 | 117.0% |
| | IN-STATE | 1,678.90 | 1,317.00 | 361.90 | 127.5% |
| | | 322,215.76 | 337,410.00 | (15,194.24) | 95.5% |

DRINKING WATER 10% PUBLIC WATER SYSTEM MANAGEMENT

| | | ACTUAL | BUDGET | DIFFERENCE | % OF BUDGET |
|---|---------------------|------------|------------|--------------|-------------|
| A | SALARIES/BENEFITS | 295,066.89 | 321,982.00 | (26,915.11) | 91.6% |
| B | LABOR INDIRECT COST | 73,476.58 | 79,787.00 | (6,310.42) | 92.1% |
| C | OPERATING | 144,953.01 | 56,359.00 | 88,594.01 | 257.2% |
| D | EQUIPMENT | - | - | - | |
| E | CONTRACTS | 44,628.38 | 249,448.00 | (204,819.62) | 17.9% |
| F | TRAINING | 720.00 | - | 720.00 | |
| G | TRAVEL | 20,239.30 | 21,976.00 | (1,736.70) | 92.1% |
| | OUT-OF-STATE | 8,320.53 | 10,125.00 | (1,804.47) | 82.2% |
| | IN-STATE | 11,918.77 | 11,851.00 | 67.77 | 100.6% |
| | | 579,084.16 | 729,552.00 | (150,467.84) | 79.4% |

DRINKING WATER 15% CAPACITY DEVELOPMENT

| | | ACTUAL | BUDGET | DIFFERENCE | % OF BUDGET |
|---|---------------------|-------------------|-------------------|--------------------|--------------|
| A | SALARIES/BENEFITS | 12,199.24 | 11,288.00 | 911.24 | 108.1% |
| B | LABOR INDIRECT COST | 3,022.97 | 2,797.00 | 225.97 | 108.1% |
| C | OPERATING | 2,161.02 | 3,039.00 | (877.98) | 71.1% |
| D | EQUIPMENT | - | - | - | |
| E | CONTRACTS | 150,992.81 | 207,700.00 | (56,707.19) | 72.7% |
| F | TRAINING | - | - | - | |
| G | TRAVEL | 1,015.44 | 609.00 | 406.44 | 166.7% |
| | OUT-OF-STATE | 1,015.44 | 609.00 | 406.44 | 166.7% |
| | IN-STATE | - | - | - | |
| | | 169,391.48 | 225,433.00 | (56,041.52) | 75.1% |

DRINKING WATER 15% SOURCE WATER POLLUTION

| | | ACTUAL | BUDGET | DIFFERENCE | % OF BUDGET |
|---|---------------------|-------------------|-------------------|-------------------|--------------|
| A | SALARIES/BENEFITS | 229,621.77 | 232,173.00 | (2,551.23) | 98.9% |
| B | LABOR INDIRECT COST | 56,900.27 | 57,532.00 | (631.73) | 98.9% |
| C | OPERATING | 5,730.34 | 6,970.00 | (1,239.66) | 82.2% |
| D | EQUIPMENT | - | - | - | |
| E | CONTRACTS | - | - | - | |
| F | TRAINING | - | - | - | |
| G | TRAVEL | 4,285.42 | 4,000.00 | 285.42 | 107.1% |
| | OUT-OF-STATE | - | - | - | |
| | IN-STATE | 4,285.42 | 4,000.00 | 285.42 | 107.1% |
| | | 296,537.80 | 300,675.00 | (4,137.20) | 98.6% |

DRINKING WATER 15% WELLHEAD PROTECTION

| | | ACTUAL | BUDGET | DIFFERENCE | % OF BUDGET |
|---|---------------------|-------------------|-------------------|------------------|---------------|
| A | SALARIES/BENEFITS | 128,572.38 | 132,983.00 | (4,410.62) | 96.7% |
| B | LABOR INDIRECT COST | 31,860.24 | 32,953.00 | (1,092.76) | 96.7% |
| C | OPERATING | 21,837.61 | 14,449.00 | 7,388.61 | 151.1% |
| D | EQUIPMENT | - | - | - | |
| E | CONTRACTS | 368,435.23 | 284,811.00 | 83,624.23 | 129.4% |
| F | TRAINING | 1,013.50 | - | 1,013.50 | |
| G | TRAVEL | 4,479.52 | 4,731.00 | (251.48) | 94.7% |
| | OUT-OF-STATE | 876.78 | 4,731.00 | (3,854.22) | 18.5% |
| | IN-STATE | 3,602.74 | - | 3,602.74 | |
| | | 556,198.48 | 469,927.00 | 86,271.48 | 118.4% |

ATTACHMENT 5

Capacity Development Report

2014 Annual Capacity Development Report to the US Environmental Protection Agency

**State Fiscal Year 2014
(July 1, 2013 – June 30, 2014)**



**State of Nevada
Division of Environmental Protection**

901 S. Stewart Street, STE 4001 ♦ Carson City, Nevada 89701
(775) 687-4670 ♦ www.ndep.nv.gov

September 2014

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ATTACHMENT 1 –Technical Assistance Provided by Nevada Rural Water Association

ATTACHMENT 2 – NDEP Bureau of Safe Drinking Water Arsenic Rule Compliance Status List

Background

The Nevada Division of Environmental Protection (NDEP) implements the state's capacity development program (http://ndep.nv.gov/bffwp/dwsrf1_cap_dev.htm). The following annual capacity development implementation report describes the capacity development efforts conducted by the Office of Financial Assistance (OFA), Bureau of Safe Drinking Water (BSDW), Bureau of Water Pollution Control (BWPC), and technical assistance provider – Nevada Rural Water Association (NvRWA), from July 1, 2013 through June 30, 2014, in the administration of the Capacity Development Program.

The capacity development program is funded primarily with set-aside monies from the Drinking Water State Revolving Fund. In developing and implementing this program, the NDEP accomplished tasks in the following areas:

- ◆ New Systems Program Annual Reporting Criteria
- ◆ Existing System Strategy

A. New Systems Program Annual Reporting Criteria

1. *Has the State's legal authority (statutes/regulations) to implement the New Systems Program changed within the previous reporting year?*

Nevada's legal authority to implement the New Systems Program did not change during state fiscal year (SFY) 2014.

2. *Have there been any modifications to the State's control points?*

There have been no modifications to Nevada's control points during SFY14.

3. *List new systems (PWSID & Name) in the State within the past three years and their ETT scores.*

Figure 1 shows the new systems in the State within the past three years and their ETT scores. A large number of the new systems include the large casinos in Las Vegas. These facilities receive their drinking water from the Las Vegas Valley Water District; however, they are now installing chlorination on site to treat for possible Legionella bacteria.

2014 Annual Capacity Development Report to the EPA

| ACTIVITY STATUS | ACTIVITY DATE | COUNTY | TYPE | PWS ID | PWS NAME | POPULATION | ETT SCORE |
|-----------------|---------------|------------|------|-----------|---|------------|-----------|
| A | 22-Jul-14 | ELKO | NC | NV0004005 | LDS LEE RECREATION CAMP | 100 | |
| A | 15-Jul-14 | CLARK | NTNC | NV0001141 | WYNN RESORTS | 9416 | |
| A | 01-Jul-14 | LYON | NC | NV0000881 | GOLD CANYON CAFE | 25 | |
| A | 23-Jun-14 | CLARK | NTNC | NV0001137 | COSMOPOLITAN HOTEL | 5534 | |
| A | 07-May-14 | CLARK | C | NV0000415 | ELKHORN WELL ASSOCIATION | 32 | |
| A | 14-Feb-14 | CLARK | NC | NV0004024 | LDS CAMP STIMSON | 100 | |
| A | 30-Dec-13 | NYE | NC | NV0003035 | THE HUBB | 25 | 1 |
| A | 19-Dec-13 | NYE | NC | NV0000386 | TOWER PIZZA | 25 | |
| A | 07-Nov-13 | WASHOE | NC | NV0004065 | WASHOE VALLEY MEETINGHOUSE FACILITY LDS | 100 | 20 |
| A | 17-Oct-13 | WASHOE | NTNC | NV0001132 | RENO TECHNOLOGY PARK WATER COMPANY | 30 | |
| A | 17-Sep-13 | EUREKA | C | NV0000414 | THE LODGE AT PINE VALLEY | 320 | |
| A | 13-Aug-13 | WHITE PINE | NC | NV0001135 | WHIPPLES COUNTRY STORE | 25 | 5 |
| A | 08-Aug-13 | LYON | NTNC | NV0001133 | PUMPKIN HOLLOW | 45 | 3 |
| A | 05-Aug-13 | CLARK | NC | NV0001101 | NDOT SEARCHLIGHT WELCOME CENTER | 50 | |
| A | 05-Aug-13 | WHITE PINE | NC | NV0003046 | WARD MOUNTAIN CAMPGROUND USFS | 600 | |
| A | 23-Jul-13 | STOREY | NTNC | NV0000413 | COMSTOCK MINING | 45 | 1 |
| A | 26-Jun-13 | CLARK | NTNC | NV0001127 | POLO TOWERS | 2300 | 2 |
| A | 12-Jun-13 | DOUGLAS | NC | NV0002041 | BEST WESTERN TOPAZ LAKE INN | 300 | 15 |
| A | 07-Jun-13 | MINERAL | NC | NV0001128 | WILDKAT RANCH | 25 | |
| A | 07-May-13 | DOUGLAS | NTNC | NV0002227 | THE CLUB AT CLEAR CREEK TAHOE | 25 | |
| A | 18-Apr-13 | NYE | NC | NV0002555 | CHAMPIONS | 25 | |
| A | 15-Apr-13 | ELKO | NC | NV0001092 | RYNDON COUNTRY STORE LLC | 25 | |
| A | 19-Mar-13 | LYON | C | NV0000411 | PERI AND SONS FARM LABOR HOUSING | 1148 | 25 |
| A | 19-Feb-13 | LYON | NC | NV0004040 | STAGECOACH MARKET | 25 | |
| A | 06-Feb-13 | NYE | NTNC | NV0001122 | ROUND MOUNTAIN GOLD HILL WATER SYSTEM | 250 | |
| A | 14-Jan-13 | PERSHING | NC | NV0001125 | HUMBOLDT RIVER RANCH ASSOCIATION | 150 | |
| A | 10-Jan-13 | ELKO | NTNC | NV0001126 | WEST END WATER COOP ASSOC | 25 | 1 |
| A | 06-Dec-12 | LYON | NC | NV0000341 | CARMENS MEXICAN RESTAURANT | 25 | 1 |
| A | 08-Nov-12 | NYE | C | NV0002571 | RANCHO VISTA 4 | 25 | 7 |
| A | 03-Oct-12 | CLARK | NTNC | NV0001121 | MGM GRAND HOTEL AND CASINO | 7500 | |
| A | 10-Sep-12 | NYE | NC | NV0000829 | SULLIVANS PUB | 25 | |
| A | 16-Aug-12 | CLARK | NTNC | NV0001120 | MIRAGE RESORT AND CASINO | 4400 | |
| A | 08-Aug-12 | CLARK | NTNC | NV0001119 | MANDALAY BAY RESORT AND CASINO | 5549 | |
| A | 26-Jul-12 | CLARK | NTNC | NV0001118 | MONTE CARLO RESORT AND CASINO | 1980 | |
| A | 25-Jul-12 | CLARK | NTNC | NV0001117 | BELLAGIO RESORT AND CASINO | 8171 | |
| A | 03-Jul-12 | CLARK | NTNC | NV0001107 | KAPEX WATER SYSTEM CITY OF NLV | 25 | |
| A | 22-Jun-12 | CLARK | C | NV0001116 | SIGNATURE TOWERS | 516 | |
| A | 22-Jun-12 | CLARK | NTNC | NV0001114 | EXCALIBUR RESORT AND CASINO | 2607 | |
| A | 22-Jun-12 | CLARK | NTNC | NV0001113 | CIRCUS CIRCUS CASINO | 2668 | |
| A | 09-May-12 | CLARK | NTNC | NV0001111 | LUXOR RESORT AND CASINO | 3196 | |
| A | 09-May-12 | CLARK | NTNC | NV0001112 | NEW YORK NEW YORK HOTEL AND CASINO | 2000 | |
| A | 02-Apr-12 | CLARK | C | NV0001109 | CITY CENTER RESIDENCES | 808 | |
| A | 24-Feb-12 | WHITE PINE | NTNC | NV0000982 | BALD MOUNTAIN MINE | 110 | 1 |
| A | 17-Nov-11 | HUMBOLDT | NTNC | NV0001103 | MARIGOLD MINE POTABLE WATER SYSTEM | 300 | |
| A | 26-Oct-11 | CLARK | NC | NV0001024 | CORN CREEK FIELD STATION USFS | 25 | |
| A | 14-Oct-11 | WHITE PINE | NC | NV0003053 | BIRD CREEK CAMPGROUND USFS | 30 | |
| A | 07-Oct-11 | CLARK | NTNC | NV0001106 | CITY CENTER HOTELS | 8900 | |
| A | 15-Sep-11 | NYE | NC | NV0001105 | ORCHARD VALLEY MARKET | 25 | 6 |

Figure 1. New water systems within Nevada in the last 3 years.

B. Existing System Strategy

1. *In referencing the State’s approved existing systems strategy, which programs, tools, and/or activities were used, and how did each assist existing PWS’s in acquiring and maintaining TMF capacity? Discuss the target audience these activities have been directed towards.*

Helping water systems develop and maintain capacity is the backbone of the Capacity Development Strategy. Many water systems throughout Nevada have increased their capacity through the technical assistance program. In SFY14, NDEP contracted with the NvRWA to provide technical assistance to small water systems. The technical assistance program provides “targeted” assistance by focusing on specific issues or problem areas. Specific assistance to small water systems is shown in Attachment 1. Some of the more recent program highlights are described below.

Compliance with the Safe Drinking Water Act

Our state capacity development coordinators and technical assistance providers work closely with state enforcement staff and review the ETT list provided each quarter to identify systems that lack TMF capacity and to determine steps to help the system return to compliance in a timely manner. With funding provided through the DWSRF small systems technical assistance contract, NvRWA focuses on systems with less than 11 threshold “points” to help keep them off the ETT list altogether. Through this process, Nevada has made significant progress in assisting water systems return to compliance. As shown in Figure 2 below, non-compliance has been decreasing since inception of the ETT. The percent of community water systems in compliance with maximum contaminant levels (MCLs) was 89 percent in FY14 and the percent of population served by community water systems in compliance with MCLs was 99 percent in FY14.

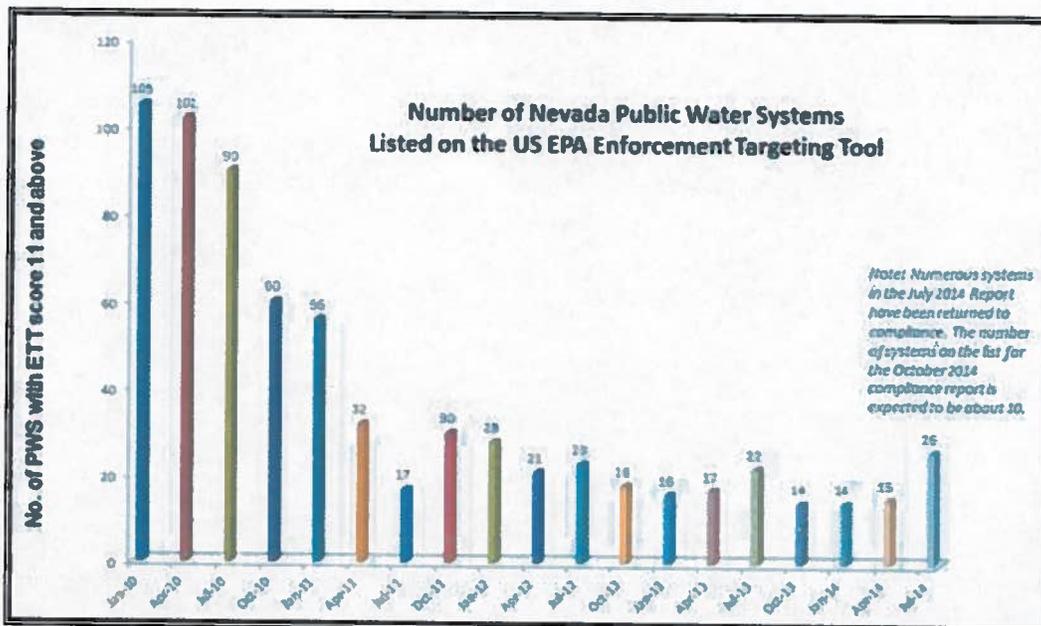


Figure 2. ETT Tracking Over Time

Capacity Assessments

Capacity assessments are useful tools for water systems to measure their strengths and identify weaknesses and are also useful tools for state staff and technical assistance providers to identify the most appropriate assistance for water systems. In 2012, Nevada revised its capacity assessment form to make the evaluation less subjective and improve our ability to measure outcomes of the technical assistance we provide to water systems. The revised form is available on our website at:

http://ndep.nv.gov/bffwp/docs/nv_tmf_capacity_survey_fy12.pdf

Capacity assessments revealed the following common deficiencies among small water systems:

- ◆ Limited maps of water systems
- ◆ Lacking plans for Operation & Maintenance, Emergency Response, Cross Connection Control and Capital Improvement
- ◆ Routine maintenance is lacking
- ◆ Under-staffed and under-funded operations

Nevada is making a special effort to assist systems with these common deficiencies while also continuing to provide assistance to systems for compliance issues, distribution and treatment training, and other TMF capacity development.

Cross-Connection Control, Emergency Restoration, & Operation & Maintenance

Public Drinking Water systems in Nevada are required to have site-specific plans approved by BSDW for cross-connection control and operations and maintenance; and have a plan for restoration of services in an emergency. Water systems are also required to have a water conservation plan that must be updated every five years and be approved by the Nevada State Engineer's Office. In the past year NvRWA assisted three (3) small water systems with these plans. This was accomplished by working closely with system personnel so that they could gain working knowledge and ownership of their site-specific plans. Water loss auditing is an important component of conservation, and four (4) systems received hands-on assistance to identify leaks and training in the leak detection and water loss calculation.

Developing operation and maintenance plans and cross-connection control plans provides staff with an opportunity to systematically examine their customers' and their own facilities. Nationwide, cross-connections represent the single largest source of contamination of drinking water. Cross-connection control plans provide the framework for the control of potential flow of contaminated liquids by back-siphoning or back-pressure into the drinking water distribution system. Systems with plans in place are ready to take the next step to implement their local plan. The challenge is in moving from no program to a costly device installation and testing scenario, which by-and-large impacts businesses. Future efforts will continue to be multi-phased and include: updating plans, additional training for system staff and local governing boards, conducting public education, and finding community-appropriate ways to carry out

implementation. DWSRF staff is looking at innovative loan solutions to ease the financial burden of implementation.

“Emergency” means a situation in which an unusual calamity, including a flood, fire, storm, earthquake, drought, civil disturbance, accidental spill of a hazardous material or similar occurrence, disrupts the provision of water or endangers the quality of water provided by a public water system. Emergency restoration plans provide a framework for dealing with emergencies. The planning exercise is valuable, in itself, as participants gain greater understanding of system vulnerabilities and develop action plans for dealing with unusual conditions. A greater understanding of system responsibilities under the Public Notification Rule is one outcome of this planning process. Testing the plans by conducting tabletop exercises is another way technical assistance providers increase water systems’ preparedness.

Water System Mapping

Nevada recognizes that as operators retire, a wealth of system knowledge goes with them and may be, largely, undocumented. In addition, capacity assessments revealed that many water systems had limited mapping of their systems and assets. Maps are critical for basic operations and maintenance, cross-connection control, water conservation, and emergency response. Systems with the highest TMF capacity have digital utility maps, on-hand, of the entire service area that include the location of each water source, treatment facility, pumping station, reservoir, pressure zone, control and isolation valve, hydrant, and meter. Some of these also include future growth areas.

In order to take advantage of available information technologies and to capture and transfer institutional knowledge and outdated paper maps to electronic media, technical assistance is being provided to small water systems to create electronic system maps and asset databases. In the past year, NvRWA worked with seven (7) small water systems in an effort to assist them in identifying their assets and getting them mapped, at no charge, as a part of the DWSRF technical assistance outreach. Most of these systems started with very little knowledge of the technology available to them.

The focus of this work involves the use of Global Positioning System (GPS) technology for field data collection and Geographic Information Systems (GISs) for development of databases that capture information that can then be transformed into digital system maps. Compared to using paper maps or having data located at an off-site, consulting engineer office, this approach provides local staff with immediate access to their data and promotes a sense of ownership. Simple, low-cost methods are used to develop a system image that is linked to database tables containing component documentation. Water system personnel are then able to, on their own, update the digital maps by adding components such as pipe lines, valves, hydrants, production and storage facilities, and customer meters. Digital map systems can be used in the field to provide a seamless linkage between maps and day-to-day maintenance management. These systems also provide a platform for asset management and capital improvement planning. Once a GIS is set up, the updating process can be as simple as entering information in a spreadsheet. There is nobody better informed about the water system than the people that

are actually working on it. Giving water utilities ownership of their GIS is the best way to assure it remains accurate and up to date.

Compliance Assistance & Other General Technical Assistance

Five (5) systems received direct assistance to resolve deficiencies identified in Sanitary Surveys, and two (2) were guided through pre-sanitary surveys so that they could see their system from a public health perspective. Assistance was provided to twenty-nine (29) systems to deal with mechanical-electrical problems, water quality or monitoring issues, and general operations. Working closely with the staff at each system, NvRWA provided hands-on assistance or guidance with troubleshooting, made recommendations for repairs, and helped to identify parts, materials, or actions needed. By working alongside experienced technical assistance providers, system operators gained a deeper knowledge of troubleshooting techniques and of the equipment installed in their facilities, including where to obtain supplies. Where sanitary deficiencies or water quality/monitoring issues needed to be addressed, discussion during examination of the deficiency instilled greater understanding of the concept of sanitation for public health protection. System staff also gained working knowledge of BSDW's Public Water System Supervision Program, interacting with the primacy agency, and their system's Enforcement Targeting Tool status (ETT – the new points-based compliance system).

The success or failure of a water system often depends on the knowledge and experience of its board. The board, working through the operations staff, is ultimately responsible for ensuring that they distribute water that is safe to drink. In addition to the board, administrative staff directly interact with and support operations. Eleven (11) systems received training and assistance at the board and administrative levels to enhance understanding of their roles in keeping small drinking water systems in compliance and financially viable. The BSDW also works with the Nevada Public Utilities Commission on systems that are overseen by both agencies in order to coordinate technical assistance activities and leverage each agency's authorities.

BSDW and NvRWA staff have actively worked with approximately seven (7) Community and Non-Transient, Non-Community water systems to develop or update Site Sampling Plans for compliance with the Revised Total Coliform Rule and the related Groundwater Rule and public notification requirements. Developing these plans requires educating the water systems on the nuances of the Revised Total Coliform Rule, identifying appropriate sample locations, establishing appropriate sampling schedules, and reviewing the plans once submitted. Working with the system personnel, NvRWA staff reviewed each system layout and walked them through identification of appropriate routine, routine follow-up, and groundwater rule compliance sample sites, then assisted them with development of their own plan for submittal to the BSDW for review and approval. Expanded capacities among these system personnel include: competency about how the rule applies to their system; actions to take in case of positive coliform or E. coli results; timely interaction with the primacy agency; knowledge of the concepts of representative sampling; and the ability to modify their plans as their system grows in the future. With the development of these site sampling plans, the small systems have an additional tool at their disposal in the event of the presence of Total Coliform or E. coli bacteria

in the water system or a water related emergency, including effective public notification language and methods.

In addition, during this period, an updated protocol for field testing disinfectant residual in drinking water was implemented by BSDW for all systems that use chlorine. NvRWA supplemented BSDW's roll-out effort by assisting nine (9) systems to put the detailed procedures into practice.

Operator Training and Certification

Nevada currently has 578 public water systems. These systems include: 214 community water systems; 125 non-transient, non-community water systems; and 239 transient, non-community water systems. Nevada requires all community and non-transient, non-community public water systems to have certified operators; a total of 339 systems. Transient non-community water systems that use surface water or groundwater under the direct influence of surface water must also be operated by a certified operator. Compliance with the operator certification requirements for all water systems statewide is at 98.53 percent.

The NvRWA is instrumental in providing training to small, rural water systems. With funding from the DWSRF technical assistance contract, NvRWA provides operator training using remote video-conferencing. This method of offering training has been very successful in part because it meets the needs of a very specific audience, the very small system operators (those that serve between 25-100 customers). The sessions are broadcast to sites all over the state and offer the advantage of being interactive training that is relevant and cost-effective; requiring minimal travel for the participants. Sessions are broadcast monthly and include a wide array of topics (e.g., *Water Operator Principles - Distribution & Treatment*, *Practical Steps in Conducting Your Water Audit*, *Financial Accounting for Small Utilities*, *Basic Chemistry for Water Operators*, *GIS for Rural Water Utilities*).

In addition to the video-conferencing, NvRWA hosts an annual spring conference in Reno to provide training and general information to water system operators, managers, and board members. The class sessions and vendor displays at this conference give operators information on up-to-date equipment and methods in the industry and focused training in distribution and treatment systems. The conference also helps to prepare operators for certification testing. The technical assistance contract with NvRWA also provides scholarship money to operators to assure that they are able to attend the spring conference and gain the benefits of the certification training and testing. In order to help meet local small system needs, training for Backflow Assembly Tester certification has also been funded using this method.

NDEP has also funded the NvRWA to provide both group and individual operator training at the operator's water system. Training topics are selected depending on system needs, and often topics are requested by system managers. These sessions are open to any interested individual, and staff from nearby systems often participate. This and other training has been instrumental in helping individuals become certified, including many who needed treatment operator certification as a result of arsenic treatment being implemented at their systems.

In 2013, BSDW worked with technical assistance providers (Nevada Rural Water Association [NvRWA], Environmental Finance Center [EFC], and Texas A&M Engineering Extension Service [TEEX]) funded through EPA grants for the Small System Training and Technical Assistance Initiative. NvRWA utilized the funds on a one-on-one basis to assist systems primarily with technical issues. The EFC focused on managerial and financial capacity training through a workshop and follow-up one-on-one assistance. TEEX provided class-based Safe Drinking Water Act training throughout Nevada.

BSDW is in the process of applying to the Department of Veterans Affairs (VA) for Program recognition in order to allow veterans and other eligible persons the valuable opportunity for reimbursement of licensing and certification exams. If approved, these operators will be able to receive testing fee reimbursement from the VA. Water Operator careers are a perfect fit for applying the skills learned from certain Military Operating Specialties to civilian jobs. Employing veterans in the role of water system treatment operators and water system distribution operators would provide the opportunity for veterans to continue their careers by being responsible for the operation and maintenance of the water systems that provide safe drinking water to citizens of Nevada.

The Nevada Water and Wastewater Operators Forum (Forum) is hosted by the BSDW and supports the protection of human health and the environment through collaboration among water and wastewater system operators and the NDEP. The goal of the Forum is to continue to build on the foundation created by the Nevada Water Operator Certification Advisory Board, the Nevada Certified Drinking Water Operators Forum, and the Nevada Water and Wastewater Training Coalition. Participants in the Forum openly identify and constructively discuss issues regarding the education, training, and testing of water system operators in Nevada, coordinate project efforts and disseminate information, and enhance public input by providing an open access collaborative forum for the exchange of information. The Forum provides a regular mechanism for communication among the regulated community of certified operators, the American Water Works Association, NDEP, and others. BSDW hosts a webpage for the Forum at <http://ndep.nv.gov/dwo/index.html> and supports the administration needs of the entity.

Integrated Source Water Protection/Wellhead Protection

Groundwater is the source of drinking water for approximately 90 percent of Nevada's public water systems. To assist public water systems and local communities in protecting groundwater from contamination, Nevada is implementing a multi-faceted Integrated Source Water Protection Program ("ISWPP", formerly referred to as the "Wellhead Protection Program" or "WHPP"). It is Nevada's belief that effective source water protection must be developed and administered by the community in conjunction with local water suppliers. A local plan should be a long-term commitment on the part of the community to protect its drinking water sources from becoming contaminated or polluted by various land use activities.

The BWPC administers the ISWPP, which provides assistance to communities in the development and implementation of Community Source Water Protection Plans (CSWPPs). Local CSWPPs are developed through a county-wide planning and coordination approach which provides a framework for all public water systems within a specific county to work together to

examine shared water sources, evaluate community development impacts to those sources, and discuss how to collectively manage potential risks from a broader perspective. The ISWPP's multi-jurisdictional approach provides opportunities for public water systems ranging from very small taverns and mobile home parks to larger districts and municipalities to pool resources and promote community-wide awareness and acceptance of the plan. This ultimately increases opportunities for small public water systems with limited resources and/or capacity to be included under a more comprehensive CSWPP and implementation effort.

Since the inception of the State's Wellhead Protection Program in 1994 through the recent implementation of the ISWPP, Nevada has assisted in the development of 77 wellhead/source water protection plans, covering 232 of 578 public water systems in Nevada. The success of the ISWPP and local CSWPP plan development depends on the establishment of engaged local planning teams; they represent the water systems, local planning agencies, and other stakeholders throughout each county. Each team must be structured so that it adequately represents the community's public water systems and planning agencies. A representative team allows for more transparency of the planning effort and brings credibility when presenting the plan to community leaders. It is also imperative that the teams are committed for the entire plan development process, which on average takes approximately two years. The time it takes to complete a plan may vary depending upon the county's population, geographic size, resource availability, and commitment.

The ISWPP assists communities in developing engaged and committed local planning teams by dedicating resources upfront to provide outreach and education to the local governing boards and public water systems through presentations at their regularly scheduled meetings. The presentations outline the ISWPP planning goals and highlight local planning benefits should the community chose to participate. The ISWPP emphasizes that the planning effort is voluntary, and provides a mutual benefit for the State and local communities. The goal of the Program planning horizon is to overlap the technical assistance into neighboring counties to allow for regional coordination and to maximize funds dedicated to travel expenses. However, ISWPP is also flexible in working in other communities based on demonstrated needs, local planning momentum, and resource availability.

Previously, the Wellhead Protection Program provided financial assistance to public water systems and communities through the annual Request for Proposal (RFP) process. Since the ISWPP was refocused in 2009, NDEP has opted to contract directly with a technical contractor through the RFP process, which occurs every two to four years. The contractor works directly with the community in coordinating plan development and is required to demonstrate technical and planning experience in working with local planning communities. Strong leadership skills are crucial to facilitate multi-jurisdictional team meetings and to promote a cooperative and productive environment.

The current ISWPP planning schedule and funding allocations allow every public water system in the State of Nevada an opportunity to participate in the planning process over the 12 to 15-year cycle. In addition, the program planning schedule goal is to provide assistance for up to three counties at a time; approximately two years of technical assistance is dedicated for each

county to include team building, plan development and implementation, and promoting community acceptance of the plan.

Nevada's local community boards may send a letter to NDEP requesting assistance. The letter must demonstrate a commitment to dedicating appropriate staff to participate in local planning teams and attend regular meetings. This ensures that staff has the resources and support to commit to plan development.

The BSDW Vulnerability Assessment and waiver program shares information with the ISWPP that is collected to document Potential Contaminant Sources (PCS) for water systems that rely on groundwater. The Vulnerability Assessment reports document PCS and rank them for potential to adversely impact a water supply source. Initial project implementation efforts were funded by the American Recovery and Reinvestment Act set-asides and continue with a combination of resources including the Wellhead Protection DWSRF set-aside.

For more information on Nevada's ISWPP visit our website at:

<http://ndep.nv.gov/bwpc/sourcewater.htm>

Between 2009 and 2014, the ISWPP assisted five counties in developing and implementing plans which covered all regulated public water systems within the respective counties. Douglas County served as the State's pilot community. In the spring of 2012, the Douglas County CSWPP (plan) was unanimously adopted by the Douglas County Regional Planning Commission and the Board of County Commissioners. This plan was incorporated into the County's Master Plan to ensure it being implemented in future planning activities. The plan covers all regulated public water systems in the Carson Valley. The plan covers a population of approximately 34,000. The Lake Tahoe water systems are excluded because they are already a highly regulated community under the Watershed Control Program administered by NDEP's Bureau of Safe Drinking Water.

Four other counties - White Pine, Nye, Lyon, and Carson City - were cycled into the planning schedule following Douglas County's planning momentum. The White Pine and Nye County Boards of County Commissioners adopted their plans in 2012 and are currently implementing them. White Pine County's Community Source Water Protection Program was awarded the American Water Works Association's California-Nevada Exemplary Source Water Protection Award in 2012 for their efforts in the development and implementation of the strategies to protect both the quantity and quality of the community drinking resource.

In the summer of 2012, a new technical contractor was selected to provide community assistance under the ISWPP. Lyon County and Carson City are currently receiving planning assistance. In June 2014, the Lyon County Board of Commissioners adopted the Countywide Source Water Protection Plan. In addition, local entities within Lyon County have adopted measures to protect drinking water source through code and ordinance development. The technical contractor is completing work with Carson City in updating and implementing measures to protect drinking water sources for the community. The Carson City Board of

Supervisors is scheduled to vote on the updated community source water protection plan in September 2014.

Under the ISWPP, each community has developed various management strategies to further protect their drinking water resources. During the plan development stage, each community developed Geographic Information Systems (GIS) mapping tools which show the communities source water protection areas relative to local land uses. The tool can assist the local agencies in making more informed planning decisions with regard to potential impacts to the community's drinking water sources.

Douglas County, Lyon County, and Carson City decided use a GIS Flex Viewer web based tool. The tool was designed to enable multiple local agencies online access to the maps to consider projects or developments which are within a designated protection area. In addition, with these added GIS capabilities, the City of Fernley in Lyon County has implemented code which requires developments to obtain a special use permit. The permit requires the development to demonstrate compliance with all Federal, State and local permits in effect. Other communities are in the process of drafting similar ordinances and code.

In addition, many of the communities' programs under the ISWPP have developed sixth grade science curriculums as an educational component to their SWP programs. The curriculum is included in the earth science kits and includes basic understanding of where drinking water comes from in Nevada (within their particular community), groundwater concepts, point source and non-point sources of pollution, and the water cycle. The ground and surface water models are taken to the classrooms as visual aids for both the teachers and students.

ISWPP staff is working with the technical contractor to reach out to additional communities for the 2014-2016 planning cycle. Communities being considered for assistance in the next two-year planning cycle include Humboldt County, Churchill County and Pershing County.

Sustainable Infrastructure

The EPA's *Clean Water and Drinking Water Infrastructure Gap Analysis (2002)* estimated that if capital investment and operations and maintenance remained at current levels, the potential funding shortfall for drinking water and wastewater infrastructure could exceed \$500 billion by 2020. To address the funding gap, the EPA launched the *Sustainable Water Infrastructure Initiative*. The Sustainable Infrastructure Initiative will guide efforts in changing how the nation views, values, manages, and invests in its water infrastructure. Nevada's capacity development efforts support the EPA's sustainable infrastructure priorities:

- ◆ Better Management
- ◆ Full Cost Pricing
- ◆ Water & Energy Efficiency
- ◆ The Watershed Approach

Nevada's Capacity Development Program addresses, to some degree, all four of these areas. Nevada has recognized that good management is critical to a well-functioning utility. Nevada

offers technical assistance in the form of Board training to assist in better management. In terms of full cost pricing, Nevada's technical assistance providers have completed a number of rate studies for water systems and presented the findings to the governing boards and the public. Being the driest state in the U.S., Nevada has long recognized the value of water. The Nevada Division of Water Resources requires that every water system submit a Water Conservation Plan that includes measures to evaluate the effectiveness of the plan. Technical assistance providers have helped a number of communities prepare and update these plans. In addition to user-based conservation measures, systems are being educated to audit and chart the amounts of water produced and sold on a monthly basis. Boards are being informed to ask for this information each month. Once usage patterns are established, changes in use will prompt managers to implement leak detection studies. NvRWA trains water system staff on electronic and acoustic leak detection equipment specifically to enhance their technical capacity by being up-to-date on detection technologies, while also locating any leaks real-time. Control of leakage in water systems not only saves water but pumping costs and energy. Although the concept of "Watershed Approach" is more focused on management of pollution sources, Nevada's Integrated Source Water Protection Program also fits into this concept.

Funding

The Drinking Water State Revolving Fund (DWSRF) provides low interest loans to both publicly and privately owned water utilities. As part of the DWSRF, Nevada has created a "disadvantaged community" program to address low income areas that have infrastructure deficiencies that pose a health threat. The Nevada Administrative Code defines a disadvantaged community as an area served by a public water system in which the average income per household is less than 80 percent of the median household income of the state. Starting in 2009, the federal appropriations for the DWSRF required that the state use a percentage of its grant to provide additional subsidy to eligible recipients in the form of forgiveness of principal, negative interest loans, or grants or any combination of these. Water systems that qualify for the disadvantaged program may be eligible for this additional subsidy. The additional subsidy requirements allowed resolution of many of the acute and chronic health risk needs. With the most serious health risks addressed, NDEP expanded subsidy eligibility criteria to include small system consolidation with larger systems. The subsidy program has funded seven projects totaling approximately two million dollars in SFY14. The terms and amount of the additional subsidy are determined on a case by case basis based on the individual community's financial situation.

Nevada, as a whole, recognizes that the needs associated with infrastructure deficiencies are increasing while many federal and state funding resources are dwindling. Collaboration between the major funding agencies in the state was initiated in 2006. NDEP hosts a webpage for the joint funders group at <http://ndep.nv.gov/bffwp/nwwwpa.htm>. This site offers a "pre-application" common to all of the funders that makes coordination and communication between the funding agencies and applicants simple and allows the funding agencies to suggest funding solutions that are most appropriate for the communities while leveraging all of the funding available in the state.

Challenges

Impact of the drinking water standard for arsenic on Nevada

In medical studies, arsenic ingestion has been linked to both cancerous and non-cancerous health effects. Arsenic was one of the first regulated drinking water contaminants. On December 24, 1975, under the authority of the Safe Drinking Water Act (SDWA) of 1974, the EPA issued a National Interim Primary Drinking Water Regulation for arsenic of 0.05 mg/L (50 ppb). On January 23, 2001, the arsenic MCL was lowered to 0.010 mg/L (10 ppb) and the standard became enforceable on January 23, 2006.

113 public water systems in Nevada, approximately 35 percent, were impacted by the new standard when compliance determinations were made in 2005. A few systems have since been added to the list based on more recent arsenic data. The Safe Drinking Water Act and Nevada Administrative Code, provided eligible systems exemptions to the standard when it changed; allowing them more time to comply. For some systems with small populations and low arsenic concentrations, final compliance deadlines could be pushed back to January 23, 2015. All exemption requests were reviewed and approved by the State Environmental Commission.

As of August 2014, 100 affected water systems have met their compliance requirements through treatment or non-treatment solutions. This is an improvement from the 96 systems that had achieved compliance as of July 2011. Exemptions are in place for ten (10) remaining systems that will expire January 23, 2015; although some of these systems have since demonstrated compliance with the arsenic standard, others have needed more time to finalize and construct solution. Eight (8) systems in violation of the drinking water standard are working to achieve compliance under a BSDW enforcement approach. Approaches generally include an Administrative Order (unilateral in nature) or a mutually-negotiated Administrative Order on Consent. Both approaches outline a water system's compliance timeframes and place them on a path to compliance. The systems on the Arsenic Rule Compliance Status List, included as Attachment 2, either have an executed Order or are in the queue for establishing one. There is one (1) additional system that is not in compliance with the standard but is working on a compliance solution in concert with BSDW staff currently using an approach other than formal enforcement.

The cost impact of the new arsenic standard has been significant. Many systems were not prepared financially or otherwise to meet their compliance deadlines. Funding for arsenic mitigation projects from the State of Nevada is nearly \$82,000,000 – with grant funding assistance to water systems from the State Capital Improvements Grant Program totaling approximately \$20,000,000 and funding from the Drinking Water State Revolving Loan Fund (both regular loans and principal forgiveness loans) totaling approximately \$62,000,000 to date. Systems also received funding for arsenic mitigation in the form of loans and grants from the US Department of Agriculture – Rural Development, Community Development Block Grants and the US Army Corps of Engineers. Systems faced many hurdles pertaining to regulatory requirements, exemption options and processes, compliance options, treatment options, cost impacts, funding options and strategic planning. Ongoing costs for operations and maintenance vary widely depending on system size, treatment type and chemical addition needed, and water usage.

In addition, the requirements for operator certification increased. Previously, systems that only consisted of water storage and distribution were not required to have a treatment-certified operator. Systems that now employ treatment must have a treatment-certified operator, and the more complex the treatment, the higher the certification level required. This, too, has increased the long-term costs of operation.

Drought

The summer of 2014 is revealing the effects of ongoing drought. A few communities are experiencing a drop in groundwater levels that are affecting operation of wells or flow from springs. Improving system capacity includes discussions related to predicting potential drought impacts and planning responses before the situation becomes critical.

Secondary Disinfection

Facilities with large-premise plumbing networks are choosing to add disinfection to incoming municipal water supplies for Legionella and other microbial controls. Adding this disinfection treatment requires that they be regulated as public water systems. Beginning with activation of the City Center Hotels in Las Vegas in 2011, thirteen (13) systems in Nevada's hospitality industry are now regulated. These properties are a challenge for BSDW as they never contemplated being regulated as water systems. This sector continues to grow and is expected to include the health care industry, as well, in coming years.

Managerial Capacity

Despite the evolution and maturing of Nevada's Capacity Development Program, the greatest areas of weakness in rural Nevada continue to be in managerial capacity. Managerial capacity is directly affected by the individual water system operators, managers and board members. Nevada has some very small water systems (31% of the community water systems in Nevada serve a population less than 100 people) and often there is not even one full time employee. Finding and retaining qualified and experienced water system operators, managers and board members is limited in rural areas and may be attributed to the following causes:

- ◆ **Aging Workforce.** There have been several published reports regarding the aging workforce in the water industry and the lack of qualified professionals to succeed those that are retiring.
- ◆ **Salaries.** Due to the competition in the marketplace, rural water systems typically do not offer enough money to attract experienced operators and managers. They will usually settle for someone less qualified that will work for a lower wage. This in turn affects the managerial capacity of the water system.
- ◆ **Board Members without Utility Backgrounds.** In rural communities, water systems are fortunate to find enough individuals to serve on a board. Many board members in rural areas lack a fundamental understanding of water system operations, finance, and management. This can be overcome where an experienced water system manager is in place, but when the manager is lacking experience, this situation can be problematic. Unfortunately, some boards tend to micro-manage water systems, and when they lack the

appropriate background or experience this can lead to a serious decline in the capacity of a water system.

Water systems that are led by a capable, experienced manager, who are supported by a competent and progressive governing board, tend to have high capacity in all areas. On the other hand, water systems that are led by managers with little experience or technical ability who report to an unsupportive or uninformed board tend to struggle with capacity in many areas.

The Future

As the capacity development program grows and evolves, lessons learned have resulted in a program that continues to improve and better serve the needs of Nevada's water systems. From the beginning of the program, Nevada has maintained that the Capacity Development Strategy is a 'living' document and will be revised as needed. Although the Strategy document, itself, has not been revised, the method of implementation of the Strategy has evolved.

While all systems are unique, the vast majority of water systems in Nevada still need particular assistance with managerial and financial principles and planning. Full cost pricing is required in order for a water system to fully function as it should. Operation and maintenance activities, such as valve exercising and line flushing, are also important to extending the life of the infrastructure and maintaining high water quality.

Proper management of infrastructure assets is critical to sustainability. Although the concept of managing assets is relatively simple, many water utilities do not understand how to design and implement an effective asset management program. Managing a utility effectively requires a proactive approach to managing infrastructure assets. The primary objective of asset management is to manage system assets in a way that meets long-term service requirements reliably and cost-effectively. Future technical assistance efforts will include asset management training and assistance to:

- ◆ develop a record of their assets & create a tailored asset management plan
- ◆ perform all required maintenance tasks
- ◆ understand their financial situation and assure proper rates are in place to keep the water system sustainable and provide the level of service expected by customers

There are new requirements and issues that will challenge many Nevada water systems in the coming years. Among them are the Stage 2 Disinfectants and Disinfection Byproducts Rule, the Groundwater Rule, the Revised Total Coliform Rule, impacts caused by growing or declining populations, the need to conserve the State's precious water resources, and finding qualified professionals in the water industry. The focus of technical assistance over the near term will be on the critical issues that are identified above.

2. *Based on the existing system strategy, how has the State continued to identify systems in need of capacity development assistance?*

Compliance problems, sanitary survey deficiencies, requests for technical assistance, and capacity surveys are all used to identify systems in need of capacity development assistance.

3. *During the reporting period, if statewide PWS capacity concerns or capacity development needs (TMF) have been identified, what was the State's approach in offering and/or providing assistance?*

Technical assistance has been offered both by state staff and through third party contractors (see technical assistance section above).

4. *If the State performed a review of implementation of the existing systems strategy during the previous year, discuss the review and how findings have been or may be addressed.*

Nevada evaluates the effectiveness of the existing systems strategy on an ongoing basis and adjusts the program when needed improvements are identified.

5. *Did the State make any modifications to the existing system strategy?*

No changes to Nevada's Capacity Strategy were made during SFY14.

**ATTACHMENT 1 –Technical Assistance
Provided by Nevada Rural Water Association**

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

| Water System Name | Description of Assistance |
|--|---|
| July-Sep 2013 | |
| 1 Trout Canyon | Emergency response to forest fire damage - activated NWARN & coordinated repairs with LVWMD |
| 2 Storey County (Virginia City) | MHI survey |
| 3 Panaca Farmstead Water Association | Assisted with mapping required by PUC |
| 4 Dutchman Acres | Assisted with ArcGIS online map layers |
| 5 Virgin Valley Water District | Assisted with ArcGIS coordination of data with utilities layers |
| 6 Alamo Sewer & Water GID | Installed ArcReader & trained operator to edit data tables |
| 7 Palump | Training: D3-D4 Operator Certification (9 people, 6 systems, 7 hours) |
| 8 Topaz Ranch Estates GID | Provided information on RFO for engineering services |
| 9 Cave Lake State Park | Assisted with pre-sanitary and BSDW sanitary surveys |
| 10 Ward Charcoal-Overs State Park | Assisted with pre-sanitary and BSDW sanitary surveys |
| 11 Spirit Mountain | Assisted in preparing RFP for facility improvements |
| 12 McDermitt GID | Assisted with income survey |
| 13 Cave Rock/Skyland (Douglas Co) | Assisted with troubleshooting problems with the reclaim treatment from the membrane WTP |
| 14 Silver Springs Mutual Water Company | Training: Water Math (1 person, 1 system, 4 hours) |
| 15 Oroveda | Training: D1 Operator Certification (1 person, 1 system, 1 hour) |
| 16 Mospa Valley Water District | Assisted with corrective actions required by the BSDW; prepared CCR for 2013 |
| 17 Silver Springs Mutual Water Company | Assisted the District with vulnerability assessment/emergency response plan questions |
| 18 Crystal Trailer Park | Training: Basic Operator Math (1 person, 1 system, 1.75 hours) |
| 19 Weed Heights | Training: Water Distribution Exam Review (1 person, 1 system, 6 hours) |
| 20 Eureka | Training: Water Distribution Including Water Math & Basic Operations (1 person, 1 system, 1.5 hours) |
| | Training: Distribution & Treatment Review (5 people, 3 systems, 6 hours) |
| Oct-Dec 2013 | |
| 20 Holbrook Station MHP | Assisted with TCR site sampling plan and other water quality sampling issues |
| 21 Canyon GID | Assisted operator with troubleshooting possible sensor issues at the water treatment plant |
| 22 Walker Lake GID | Assisted with chlorine residual checks and water quality sampling protocols |
| 23 Oroveda | Assisted with DBP monitoring requirements |
| 24 Cottonwood MHP | Assisted with the development of a TCR site sampling plan; discussed CCC at time of visit |
| 25 Sherry's Steepest House | Trained owner on disinfection of well and proper inlet screening to mitigate positive TCRs |
| 26 Rye Patch Travel Center | Assisted with and reviewed progress on compliance issues (TC sampling and other) |
| 27 Oroveda | Assisted with O&M Plan, ERP, COCP, and other Board training |
| 28 Winnemucca Farms | Assisted with TCR site sampling plan, Lead & Copper sampling plan, DBP sampling plan, and other water quality sampling requirements |
| 29 Stagecoach GID | Assisted with electrical wiring issues with pump motor |
| 30 Lovelock Meadows Water District | Assistance with succession planning for the GM and review of status of CCC implementation |
| 31 Oroveda | Assisted with water loss calculations and review of 2010 PER |
| 32 Imley Water System | Assisted with troubleshooting SCADA |
| 33 Crescent Valley | Reviewed sanitary survey results and ETT score to assist operator |
| 34 Beatty Sewer & Water District | Assisted with Office Manager job description |
| 35 Silver Springs Mutual Water Company | Assisted with leak repair |
| 36 Lovelock Meadows Water District | Researched and provided backflow information pamphlets/submittals |
| 37 Rye Patch Travel Center | Inspected progress of fire suppression system - backflow preventer installed |
| 38 Dutchman Acres | Assisted with O&M Plan, ERP, COCP, CCR and well disinfection & well-to-waste design |
| 39 Lovelock Correctional Center | Inspected severe leakage at the prison water tank and reviewed plans to get water to the prison while the tank is down for service |
| 40 Mospa Valley Water District | Assisted District in recovering crashed GIS system |
| 41 Virgin Valley Water District | Assisted with organizing the GIS data into a geodatabase for more data storage efficiency |
| 42 Mospa Valley Water District | Training: Small Water Systems Operation with Emphasis on Compliance (2 people, 1 system, 6 hours) |

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

| Water System Name | Description of Assistance |
|---|---|
| Oct-Dec 2013 | |
| 33. Silver Springs Mutual Water Company Hawthorne Utilities Walker Lake GID Stagecoach GID | Training: D3 Operator Certification Review (3 people, 3 systems, 15 hours) Reviewed & consulted on Monitoring Schedules Assisted with chlorine injector replacement Reviewed water quality sampling requirements for 2013 to assure all testing was completed Assisted with troubleshooting of the HACH colorimeter Instructed on proper completion of Chem of Custody forms for water sampling & checked that all necessary samples were taken Assisted with the addition of image sector to existing mosaic & adding new points to the geodatabase Training: D3 Operator Certification (1 person, 1 system, 12 hours) |
| 34. Zephyr Cove Water Utility District Lovelock Meadows Water District Virgin Valley Water District City of Ely | Training: Small Water Systems Operation (21 people, 12 systems, 6 hours) Training: Water Math & Distribution System (3 people, 2 systems, 3 hours) Training: T1 & T2 Water Treatment Certification Review (1 person, 1 system, 5.5 hours) Training: Water Distribution/Treatment Math (5 people, 3 systems, 6 hours) |
| 35. Silver Springs Mutual Water Company Topaz Ranch Estates GID Lander Co Sewer & Water Dist 2 (Austin) Hawthorne Utilities | Assisted with chlorine residual testing Assisted with updates to Total Coliform Rule & Ground Water Rule site sampling plans & maps Assisted with O&M manual & sanitary survey system deficiencies Reviewed water conservation plan & planned system pressure readings Assisted with preparation of system maps Assisted with leak detection - found 2 leaking ARVs Assisted with transfer and processing of new GPS data Assisted with transfer and processing of new GPS data Assisted with TCR site sampling plan Instructed operator in proper completion of Chain of Custody for water samples Assisted with system mapping Training: Distribution - Treatment Math Review (4 people, 2 systems, 2 sessions of 4 hours = 8 hours) Training: D1-02 Operator Certification Review (10 people, 5 systems, 3 sessions of 6 hours = 15 hours) Training: D1-02 Operator Certification Review (5 people, 3 systems, 4 hours) Assisted in locating programming services for treatment system reprogramming Assisted with updates to the ERP Assisted with updates to ERP, O&M plan, and system maps Assisted with O&M manual, ERP, CCCP, water conservation plan, & troubleshooting low chlorine residual Assisted with converting ArcGIS table to MSExcel format Assisted with Annual Reports for PUC Assisted with new water rate setting (required by DWSRF as a condition of the loan) Assisted with system mapping & weirhead protection plan, update of water conservation plan, ERP, CCCP, TRC sample plan, & hydraulic model Assisted with new water rate setting (required by DWSRF as a condition of the loan) Assisted with Ca-Val speed controls & valve adjustment Training: D1-02 Operator Certification Review (8 people, 2 systems, 4 hours) Training: D1-02 Operator Certification Review (7 people, 2 systems, 4 hours) Training: D1-02 Operator Certification Review (2 people, 1 system, 4 hours) Training: D1-02 Operator Certification Review (1 person, 1 system, 4 hours) Training: D1 Operator Certification Review (3 people, 2 systems, 3.5 hours) Training: D1-02 Operator Certification Review (5 people, 1 system, 4 hours) |
| Jan-Mar 2014 | |
| 27. Gardnerville Ranchos 28. Prion Pines 39. Steamboat Springs 40. Genatch GID 41. Indian Springs Inlay Water System Moapa Valley Water District Virgin Valley Water District Walker Lake GID Canyon GID Dutchman Acres Hawthorne Utilities City of Wells Hawthorne Utilities Tedes Waterworks Silver Springs Mutual Water Company Inlay Water System Elk Point Country Club Moapa Valley Water District Dutchman Acres McDermitt GID Steamboat Springs Silver Knolls Mutual Water Company Silver Springs Mutual Water Company City of Yerington Hawthorne Utilities Hawthorne Utilities Gardnerville City of Yerington | Assisted with chlorine residual testing Assisted with updates to Total Coliform Rule & Ground Water Rule site sampling plans & maps Assisted with O&M manual & sanitary survey system deficiencies Reviewed water conservation plan & planned system pressure readings Assisted with preparation of system maps Assisted with leak detection - found 2 leaking ARVs Assisted with transfer and processing of new GPS data Assisted with transfer and processing of new GPS data Assisted with TCR site sampling plan Instructed operator in proper completion of Chain of Custody for water samples Assisted with system mapping Training: Distribution - Treatment Math Review (4 people, 2 systems, 2 sessions of 4 hours = 8 hours) Training: D1-02 Operator Certification Review (10 people, 5 systems, 3 sessions of 6 hours = 15 hours) Training: D1-02 Operator Certification Review (5 people, 3 systems, 4 hours) Assisted in locating programming services for treatment system reprogramming Assisted with updates to the ERP Assisted with updates to ERP, O&M plan, and system maps Assisted with O&M manual, ERP, CCCP, water conservation plan, & troubleshooting low chlorine residual Assisted with converting ArcGIS table to MSExcel format Assisted with Annual Reports for PUC Assisted with new water rate setting (required by DWSRF as a condition of the loan) Assisted with system mapping & weirhead protection plan, update of water conservation plan, ERP, CCCP, TRC sample plan, & hydraulic model Assisted with new water rate setting (required by DWSRF as a condition of the loan) Assisted with Ca-Val speed controls & valve adjustment Training: D1-02 Operator Certification Review (8 people, 2 systems, 4 hours) Training: D1-02 Operator Certification Review (7 people, 2 systems, 4 hours) Training: D1-02 Operator Certification Review (2 people, 1 system, 4 hours) Training: D1-02 Operator Certification Review (1 person, 1 system, 4 hours) Training: D1 Operator Certification Review (3 people, 2 systems, 3.5 hours) Training: D1-02 Operator Certification Review (5 people, 1 system, 4 hours) |

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

| Water System Name | Description of Assistance |
|--|---|
| Jan-Mar 2014 | |
| Gardnerville | Training: D1 Operator Certification Review (3 people, 2 systems, 3.5 hours) |
| Hawthorne Utilities | Training: D1-D2 Operator Certification Review (3 people, 2 systems, 4 hours) |
| City of Yerington | Training: T1-T2 Operator Certification Review (3 people, 1 system, 4 hours) |
| Hawthorne Utilities | Training: D1-D2 Operator Certification Review (3 people, 2 systems, 4 hours) |
| Hawthorne Utilities | Training: D1-D2 Operator Certification Review (1 person, 1 system, 4 hours) |
| Gardnerville | Training: D1 Operator Certification Review (3 people, 2 systems, 3.5 hours) |
| Hawthorne Utilities | Training: D1-D2 Operator Certification Review (1 person, 1 system, 4 hours) |
| City of Yerington | Training: D1-D2 & T1-T2 Operator Certification Review (4 people, 1 system, 4 hours) |
| Apr-Jun 2014 | |
| 48 NV Copper - Pumpkin Hollow | Assisted with bacteriological samples & sampling methods |
| 49 Best Western Topaz Inn | Assisted with total coliform sample site plan, sampling procedures, & correction of monitoring/reporting violations |
| Landor Co Sewer & Water Dist 2 (Austin) | Assisted with issues that occurred when system lost pressure, assisted with chlorinator repair & total coliform sampling site plan |
| 50 Comstock Mining | Assisted with numerous corrective actions & documents as a result of their first sanitary survey as a NTNC water system |
| 51 McGill-Ruth GID | Assisted with setup of water system maps & data in ArcGIS |
| 52 Lehman State Park | Assisted with collection of data & water system mapping |
| Mosopa Valley Water District | Assisted with adding GPS data to meters map |
| Panaca Farmstead Water Association | Assisted with GPS data collection & GIS map layer updates |
| Comstock Mining | Training: Sampling practices & chlorine residual analysis (1 person, 1 system, 4 hours) |
| NV Copper - Pumpkin Hollow | Assisted with numerous corrective actions & documents as a result of their first sanitary survey as a NTNC water system |
| 53 Springwood Equestrian Center | Assisted with numerous system issue, documents, and sampling for this NTNC water system |
| 54 Hollywood Skats | Assisted with ERP, O&M Plan, & CCCP |
| Walker Lake GID | Assisted operator with resolution of water quality & low pressure customer complaint |
| Silver Springs Mutual Water Company | Reviewed & provided advice on service meter upgrades to touch read |
| Topaz Ranch Estates GID | Training: CCR, CCCP, & ERP (2 people, 1 system, 7 hours) |
| Topaz Ranch Estates GID | Training: ERP (2 people, 1 system, 2 hours) |
| Silver Springs Mutual Water Company | Training: Rebuilding of Clo-Val (2 people, 1 system, 4 hours) |
| Comstock Mining | Training: Operator Training with special emphasis on applicable safe drinking water rules & sampling (1 person, 1 system, 5 hours) |
| Topaz Ranch Estates GID | Training: Customer complaints (2 people, 1 system, 0.75 hour) |
| 55 Round Mountain PUC (Hadley Subdivision) | Training: Valve operation (2 people, 1 system, 5 hours) |
| Hawthorne Utilities | Training: CCR & customer complaints (1 person, 1 system, 3.5 hours) |
| Walker Lake GID | Training: CCR (1 person, 1 system, 3.25 hours) |
| Hawthorne Utilities | Training: CCR (1 person, 2 systems, 5.75 hours) |
| 56 Mt Rose Bowl HOA | Training: GIS/GPS mapping (1 person, 1 system, 1.5 hours) |
| Canyon GID | Training: Operation & repair of backflow valves, troubleshooting failure mechanisms (2 people, 1 system, 2 hours) |
| Walker Lake GID | Training: Instruction for any possible water quality customer questions as the new well comes on-line (1 person, 1 system, 3 hours) |
| Sun Valley GID | Training: GIS/GPS mapping (1 person, 1 system, 1.25 hours) |
| Beatty Sewer & Water District | Training: Excel & Outlook (2 people, 1 system, 4.25 1/4 hours) |
| Round Mountain PUC (Hadley Subdivision) | Training: Control Valves (1 person, 1 system, 2.25 hours) |
| 58 Shoshone Estates HOA | Training: System pressure control (1 person, 1 system, 8.25 hours) |
| Round Mountain PUC (Hadley Subdivision) | Training: Rebuilding & adjusting booster pump control valve (1 person, 1 system, 7.5 hours) |
| Springwood Equestrian Center | Training: Water system training & deficiency correction (1 person, 1 system, 4 hours) |
| Hawthorne Utilities | Training: Boil Water Notices & subsequent sampling requirements (1 person, 1 system, 1 hour) |
| Walker Lake GID | Training: Stage 2 DIOBP sampling requirements (1 person, 1 system, 1 hour) |
| 59 Town of Minden | Training: GIS/GPS mapping (3 people, 1 system, 2.25 hours) |

Technical Assistance provided by Nevada Rural Water Association (Components A & B)

The following list identifies the initiation of technical assistance. Completion of assistance may take longer than one quarter.

| Water System Name | Description of Assistance |
|---|---|
| Apr-Jun 2014 | |
| 60 City of Fernley | Training: D3 Operator Certification Review (1 person, 1 system, 1 hour) |
| 61 City of West Wendover | Training: GIS/GPS mapping (2 person, 1 system, 1.25 hours) |
| Weed Heights | Training: Affinity Laws (1 person, 1 system, 2.5 hours) |
| 62 Riverside Resort & Casino | Assisted with issue with arsenic testing results |
| 63 City of Caliente | Assisted with creating a hard copy of the system GIS database for backup |
| City of West Wendover | Assisted City in obtaining system mapping from City engineering firm for transfer to GIS |
| 64 Old River Water Company | Conducted TMF Capacity Survey |
| Irish Water System | Conducted TMF Capacity Survey |
| Mt Rose Bowl HOA | Conducted TMF Capacity Survey |
| Comstock Mining | Training: D1 Operator Training with special emphasis on applicable safe drinking water rules & sampling (1 person, 1 system, 5 hours) |
| Round Mountain PUC (Hadley Subdivision) | Training: Troubleshooting & repair of pump control valve (2 people, 1 system, 5 hours) |
| Round Mountain PUC (Hadley Subdivision) | Training: Troubleshooting & repair of pump control valve (2 people, 1 system, 6.75 hours) |
| Mojave Valley Water District | Training: Configuring maps for ArcGIS online (1 person, 1 system, 4.5 hours) |
| Walker Lake GID | Training: Set up of chlorinator for new well & electrical control system (1 person, 1 system, 4 hours) |
| Topaz Ranch Estates GID | Training: Water Math & Distribution System (1 person, 1 system, 3 hours) |
| Comstock Mining | Training: Addressing & reporting sanitary survey deficiencies (1 person, 1 system, 1 hour) |
| Cave Rock/Skyland (Douglas Co) | Training: Brine preparation calculations for tracer survey (1 person, 1 system, 0.25 hour) |
| Canyon GID | Training: CCR preparation (2 people, 1 system, 3.75 hours) |
| City of Yerington | Training: Water quality sampling, hypochlorinator tank set-up, backflow prevention (1 person, 1 system, 6 hours) |
| Topaz Ranch Estates GID | Training: Water Math & Distribution System (1 person, 1 system, 3 hours) |
| Schurz Elementary School | Training: Leak detection & water loss calculations (1 person, 1 system, 6.25 hours) |
| Hewthorne Utilities | Training: CCR preparation (1 person, 1 system, 1.25 hours) |
| Lovelock Meadows Water District | Training: D2/D3 Operator Certification (4 people, 3 systems, 6.5 hours) |
| Lovelock Meadows Water District | Training: D2/D3 Operator Certification (4 people, 3 systems, 6.5 hours) |
| Topaz Ranch Estates GID | Training: Water Math & Distribution System (1 person, 1 system, 3 hours) |
| Washoe Lake State Park | Training: D2 Operator Certification (1 person, 1 system, 2 hours) |
| Washoe Lake State Park | Training: D2 Operator Certification (1 person, 1 system, 3 hours) |
| Washoe Lake State Park | Training: D2 Operator Certification (1 person, 1 system, 2 hours) |
| Weed Heights | Training: Troubleshooting submersible well pump (1 person, 1 system, 0.25 hour) |
| Hewthorne Utilities | Training: CCR preparation (1 person, 1 system, 3.75 hours) |
| Canyon GID | Training: Laboratory sampling test results (2 people, 1 system, 1.5 hours) |
| Weed Heights | Training: Pump sizing (1 person, 1 system, 0.5 hour) |
| City of Yerington | Training: 11/12 Operator Certification (2 people, 1 system, 4 hours) |
| Hewthorne Utilities | Training: CCR preparation & information (2 people, 2 systems, 2.75 hours) |
| Walker Lake GID | Training: CCRs, customer relations, & pressure zones (1 person, 1 system, 1 hour) |
| Weed Heights | Training: Proper maintenance & operation of pumps (1 person, 1 system, 1.5 hours) |
| Schurz Elementary School | Training: Distribution & treatment, reviewed primary & secondary contaminants (1 person, 1 system, 7.25 hours) |
| Schurz Elementary School | Training: Distribution & treatment, reviewed primary & secondary contaminants (1 person, 1 system, 7 hours) |
| Comstock Mining | Training: D1 Operator Certification (1 person, 1 system, 2.5 hours) |
| Washoe Lake State Park | Training: D2 Operator Certification (1 person, 1 system, 1 hour) |
| Washoe Lake State Park | Training: Tank exterior coating specifications (1 person, 1 system, 0.25 hour) |
| Canyon GID | Training: CCR preparation & resolution of NOVs (2 people, 1 system, 3.5 hours) |
| Canyon GID | Training: CCR preparation, sample site plan for Stage 2 DDDP requirements (2 people, 1 system, 4.5 hours) |

General Training provided by Nevada Rural Water Association (Component C)

| Course Title | Date | Contact Hours | Number of Participants | Number of Systems | Locations |
|---|----------------|----------------------|-------------------------------|--------------------------|---------------------------------------|
| Seeing Clearly - Environmental Laboratory Information from Sampling to Final Reports. | July 2013 | 3.00 | 49 | 24 | Videoconference to multiple locations |
| The Importance of Valve Selection. | August 2013 | 3.00 | 37 | 17 | Videoconference to multiple locations |
| Distribution & Treatment Review | September 2013 | 3.00 | 25 | 19 | Videoconference to multiple locations |
| SCADA Basics: Introduction to Building a SCADA System from the Ground Up | October 2013 | 3.00 | 54 | 31 | Videoconference to multiple locations |
| Financial Management: Understanding Your Cost Structure, Customer Cost-Share Responsibilities and Funding Options | November 2013 | 3.00 | 56 | 24 | Videoconference to multiple locations |
| AWWA Gate Valves, Dry Barrel Fire Hydrants, Restraints and M17 Hydrant Testing | December 2013 | 3.00 | 43 | 20 | Videoconference to multiple locations |
| Competent Person Training | January 2014 | 3.00 | 47 | 19 | Videoconference to multiple locations |
| Water Rights | February 2014 | 3.00 | 47 | 26 | Videoconference to multiple locations |
| Get the Most from GIS | March 2014 | 1.00 | 16 | 10 | 2014 NVRWA Conference |
| Small System Compliance - Drinking Water Monitoring & Reporting Supervision & Management | March 2014 | 3.50 | 68 | 40 | 2014 NVRWA Conference |
| GIS for Rural Utilities | March 2014 | 1.00 | 28 | 20 | 2014 NVRWA Conference |
| Drinking Water Treatment Certification Review Grades 1 & 2 | March 2014 | 2.25 | 19 | 14 | 2014 NVRWA Conference |
| Drinking Water Treatment Certification Review Grades 1 & 2 | March 2014 | 2.25 | 52 | 32 | 2014 NVRWA Conference |
| Water Distribution Certification Review Grades 1 & 2 | March 2014 | 2.25 | 19 | 14 | 2014 NVRWA Conference |
| Drinking Water Treatment Certification Review Grades 3 & 4 | March 2014 | 2.50 | 54 | 27 | 2014 NVRWA Conference |
| Cross Connection Control Refresher Workshop | April 2014 | 2.00 | 8 | 7 | 2014 NVRWA Conference |
| Options for GIS Implementation for Rural Water Utilities | May 2014 | 3.00 | 38 | 20 | Videoconference to multiple locations |
| Survey of Water Distribution System Components | June 2014 | 3.00 | 29 | 17 | Videoconference to multiple locations |
| | | | 50 | 29 | |

**ATTACHMENT 2 – NDEP Bureau of Safe Drinking Water
Arsenic Rule Compliance Status List**

| | COUNTY | PWS ID# | PUBLIC WATER SYSTEM NAME | ARSENIC (ppb) | POP | STATUS |
|--|--------|-----------|--------------------------------------|---------------|-------|---------------------|
| Systems Issued A Final Exemption Extensions By The State Environmental Commission in 2012 | | | | | | |
| 1 | CL | NV0000219 | SEARCHLIGHT WATER COMPANY | 11 | 760 | |
| 2 | DO | NV0000887 | SUNRISE ESTATES (a.k.a. FAIRGROUNDS) | 17 | 91 | ACHIEVED COMPLIANCE |
| 3 | EU | NV0000043 | CRESCENT VALLEY WATER SYSTEM | 12 | 350 | ACHIEVED COMPLIANCE |
| 4 | HU | NV0000907 | LONE TREE MINE | 15 | 150 | ACHIEVED COMPLIANCE |
| 5 | HU | NV0000162 | MC DERMITT WATER SYSTEM | 19 | 200 | |
| 6 | LA | NV0000006 | LA CO SEWER AND WATER DIST 2 AUSTIN | 14 | 350 | |
| 7 | NY | NV0000237 | TONOPAH PUBLIC UTILITIES | 13 | 2,600 | ACHIEVED COMPLIANCE |
| 8 | WA | NV0000896 | BRISTLECONE FAMILY RESOURCES | 12 | 25 | SYSTEM INACTIVATED |
| 9 | WA | NV0004021 | SILVER KNOLLS MUTUAL WATER COMPANY | 13 | 120 | |
| 10 | WA | NV0003000 | VERDI SCHOOL | 13 | 250 | ACHIEVED COMPLIANCE |
| Systems Working to Achieve Compliance Under an NDEP Enforcement Approach | | | | | | |
| 1 | CH | NV0000303 | OLD RIVER WATER COMPANY | 32 | 300 | AOC |
| 2 | CH | NV0000055 | TOLAS WATERWORKS | 35 | 110 | AO PENDING |
| 3 | CH | NV0000058 | WILDES MANOR | 20 | 70 | AO PENDING |
| 4 | CL | NV0000149 | DESERT PARADISE MHP | 13 | 70 | AOC |
| 5 | CL | NV0000109 | EQUESTRIAN ESTATES CO OP WATER ASSOC | 36 | 108 | AOC |
| 6 | CL | NV0000319 | ROARK ESTATES | 18 | 62 | AOC PENDING |
| 7 | NY | NV0005028 | SHOSHONE ESTATES WATER COMPANY | 30 | 240 | AOC PENDING |
| 8 | WA | NV0005061 | VERDI BUSINESS PARK WATER CO-OP | 15 | 100 | AOC |
| Systems Working to Achieve Compliance Under Other NDEP Approaches | | | | | | |
| 1 | EL | NV0000928 | LAMIOLLE VALLEY PLAZA | 24 | 25 | |

Note: AO = Administrative Order
AOC = Administrative Order on Consent

ATTACHMENT 6

Balance of Banked Authority

DMSRF Banked Authority Worksheet
as of 2/05/15

| Grant Award | Grant Name | Amount | Loans | | 4% Admin | | 2% SSTA | | 10% Prog | | 15% Local (cannot bank) | | | | | | | | | | |
|-------------|------------------|-------------|-------------|-------------|---------------------------------|---------------------|-----------|-----------|--------------------------------|--------------------------|-------------------------|-----------|------------------|--------------------------|-----------|------------|------------|-----------|---|------------|---------|
| | | | Award | Amend | Banked Authority Used for Loans | Total Used for Loan | Award | Amend | Banked Authority for Set-aside | Total Used for Set-aside | Award | Amend | Banked Authority | Total Used for Set-aside | | | | | | | |
| 9/11/999 | ES9996099 | 14,585,100 | 11,633,199 | 0 | 11,633,199 | 583,404 | 291,702 | 223,608 | 291,702 | 1,396,795 | 1,396,795 | 680,000 | 680,000 | | | | | | | | |
| 11/21/999 | ES9996098 | 12,558,800 | 9,808,687 | 0 | 9,808,687 | 502,332 | 223,608 | 223,608 | 223,608 | 559,006 | 559,006 | 1,465,147 | 1,465,147 | | | | | | | | |
| 8/24/2001 | ES9996001 | 7,757,000 | 6,209,147 | 0 | 6,209,147 | 310,280 | 155,140 | 155,140 | 155,140 | 742,433 | 742,433 | 340,000 | 340,000 | | | | | | | | |
| 7/29/2002 | ES9996002 | 15,841,600 | 14,486,848 | (2,055,806) | 12,431,042 | 249,251 | 384,413 | 124,626 | 192,206 | 623,128 | 961,032 | 357,747 | 357,747 | | | | | | | | |
| 9/24/2003 | ES9996003 | 8,004,100 | 5,522,829 | 0 | 5,522,829 | 320,164 | 160,082 | 160,082 | 160,082 | 800,410 | 800,410 | 1,200,615 | 1,200,615 | | | | | | | | |
| 1/18/2005 | ES9996005 | 8,303,100 | 6,286,391 | 668,411 | 6,954,802 | 332,124 | 166,062 | 166,062 | 166,062 | 516,926 | 516,926 | 1,001,597 | 668,411 | | | | | | | | |
| 7/5/2005 | ES9996005-1 | 8,285,500 | 6,532,421 | 831,589 | 7,364,010 | 331,420 | 165,710 | 165,710 | 165,710 | 296,998 | 296,998 | 958,951 | 831,589 | | | | | | | | |
| 6/16/2006 | ES9996006 | 8,229,300 | 6,213,769 | 0 | 128,168 | 329,172 | 128,168 | 164,386 | 164,386 | 642,027 | 642,027 | 879,746 | 879,746 | | | | | | | | |
| 7/5/2007 | ES9996007 | 8,229,000 | 6,135,889 | 0 | 437,210 | 329,160 | 164,380 | 108,050 | 56,530 | 635,121 | 635,121 | 964,250 | 964,250 | | | | | | | | |
| 10/1/2008 | ES9996008 | 8,146,000 | 5,945,553 | 0 | 5,945,553 | 325,840 | 162,920 | 162,920 | 162,920 | 703,000 | 703,000 | 1,008,687 | 1,008,687 | | | | | | | | |
| 9/22/2009 | 0700T04009 0ARRA | 19,500,000 | 16,380,000 | 0 | 2,659,051 | 780,000 | 763,230 | 390,000 | 390,000 | 1,950,000 | 1,505,821 | 444,179 | 0 | | | | | | | | |
| 5/1/2010 | ES9996010-0 | 21,719,000 | 14,986,110 | 1,397,053 | 742,026 | 868,760 | 231,804 | 434,380 | 434,380 | 2,171,900 | 510,222 | 1,661,678 | 3,257,850 | | | | | | | | |
| FFY11 | ES9996011 | 9,268,000 | 6,394,920 | 0 | 171,378 | 370,720 | 185,560 | 185,560 | 185,560 | 926,800 | 171,378 | 755,422 | 1,390,200 | | | | | | | | |
| FFY12 | ES9996012 | 9,125,000 | 6,296,250 | 0 | 65,000 | 365,000 | 182,500 | 182,500 | 182,500 | 912,500 | 912,500 | 1,368,750 | 1,368,750 | | | | | | | | |
| FFY13 | ES9996013 | 8,421,000 | 5,810,490 | 1,263,150 | 1,010,520 | 336,840 | 168,420 | 168,420 | 0 | 842,100 | 842,100 | 1,263,150 | 1,263,150 | | | | | | | | |
| FFY14 | ES9996014 | 12,614,000 | 8,703,660 | 1,682,100 | 1,818,240 | 504,560 | 404,560 | 252,280 | 152,280 | 1,261,400 | 1,261,400 | 1,892,100 | 1,682,100 | | | | | | | | |
| | | 180,586,500 | 137,346,763 | 3,766,497 | 7,031,583 | 6,839,047 | 3,944,413 | 1,921,922 | 5,301,538 | 3,397,956 | 182,206 | 818,750 | 2,765,412 | 14,980,544 | | | | | | | |
| | | | | | | | | | | | | | | 961,032 | 4,290,921 | 11,650,655 | 18,028,790 | 5,324,748 | 0 | 12,704,642 | 210,000 |

ATTACHMENT 7

Current and Projected Loan Obligations

Current and Projected Loan Obligations

| | | | |
|---|----------------|---|------------------------|
| Cash on hand | | 44,792,587 | |
| Grant Balance (Loans) | | 21,395,794 | |
| Less Reserve for Debt Service (one year) | | -3,200,123 | |
| Total funds available as of 1/20/15 | | 62,988,258 | |
| | | | |
| | | Amendment (expected to approved 1/24/15) | Total Balance Expected |
| Current Loans | Balance | | |
| Alamo 2 | 2,255 | | 2,255 |
| Verdi Business Park (2) | | 146,500 | 146,500 |
| Kingsbury (4) | 8,358,957 | | 8,358,957 |
| Montello/Elko Co | 33,933 | | 33,933 |
| Carson City (3) | 4,717,607 | | 4,717,607 |
| Silver Knolls 2 | 236,500 | 163,500 | 400,000 |
| Steamboat Springs | 26,163 | | 26,163 |
| McDermitt Water Co System | 447,786 | | 447,786 |
| Roark Roark (1) | 3,427 | | 3,427 |
| LVVWD | 18,948,984 | | 18,948,984 |
| Douglas County/Sierra Country Estates (2) | 947,561 | | 947,561 |
| Douglas County/Sierra Country Estates (1) | 500,000 | | 500,000 |
| Kingston | 450,434 | | 450,434 |
| Douglas County/Cave Rock | 1,247,628 | | 1,247,628 |
| Gerlach GID | 416,461 | | 416,461 |
| Gold Country 2 | 81,290 | | 81,290 |
| West Wendover | 110,845 | 380,000 | 490,845 |
| Douglas County/ZWUD 2 | 333,527 | | 333,527 |
| Kingsbury (5) | 5,915,639 | | 5,915,639 |
| Trout Canyon | | | 0 |
| Sage Valley MHP | 71,769 | | 71,769 |
| | 42,850,766 | 690,000 | 43,540,766 |
| Pending Projects (expected to be approved SFY2015) | | | 0 |
| Roark (2) | 400,000 | | 400,000 |
| TMWA | 17,500,000 | | 17,500,000 |
| LVVWD (2) | 15,000,000 | | 15,000,000 |
| Goldfield 3 (Pending) | 500,000 | | 500,000 |
| | 33,400,000 | 0 | 33,400,000 |
| | 76,250,766 | 690,000 | 76,940,766 |